

MONTANA LEGISLATIVE HISTORY

Chapter 501 19 75 and Chapter 502 19 75
 S 87
 Bill H _____ S 86 Original bill & history C

H. Committee on Taxation

Hearing Date(s) Mar 12 ☒ C

Mar 20 ☒ C

_____ ☐ C

_____ ☐ C

Date Out Mar 20 ☒ C

S. Committee on Taxation

Hearing Date(s) Jan 24 ☒ C

Jan 29 ☒ C

Jan 31 ☒ C

Feb 01 ☒ C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

1 *Senate* BILL NO. *86*
 2 INTRODUCED BY *Sen. Robert Watt* *Norman*
 3 *Romy*

4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR
 5 RESEARCH INTO ALTERNATIVE ENERGY SOURCES AND ALLOCATING
 6 CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ESTABLISHING A
 7 BOARD TO MAKE GRANTS FROM THE FUND IN SUPPORT OF ALTERNATIVE
 8 ENERGY RESEARCH; AMENDING SECTION 84-1309.1, R.C.M. 1947."
 9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Purpose. The purposes of this act are to
 12 stimulate research into the development of energy sources
 13 which are harmonious with ecological stability by virtue of
 14 being renewable, thereby to lessen that reliance on
 15 nonrenewable energy sources which conflicts with the goal of
 16 long-range ecological stability, and to provide for the
 17 funding and administration of such research.

18 Section 2. Definitions. As used in this act:

19 (1) "alternative renewable energy source" means a form
 20 of energy or matter, such as solar energy, wind energy, or
 21 methane, capable of being converted into forms of energy
 22 useful to mankind, and the technology necessary to make this
 23 conversion, when the source is not exhaustible in terms of
 24 this planet and when the source or the technology are not in
 25 general commercial use; and

1 (2) "person" means a natural person, corporation,
 2 partnership, or other business entity, association, trust,
 3 foundation, any educational or scientific institution, or
 4 any governmental unit.

5 Section 3. Alternative energy research account
 6 established. There is within the earmarked revenue fund an
 7 alternative energy research account. Moneys are paid into
 8 this account under section 84-1309.1. The state treasurer
 9 shall draw warrants payable from this account upon order of
 10 the coal board.

11 Section 4. Section 84-1309.1, R.C.M. 1947, is amended
 12 to read as follows:

13 "84-1309.1. Disposal of license taxes. License taxes
 14 collected under the provisions of this chapter are allocated
 15 as follows:

16 (1) To the county general fund from which coal was
 17 mined three cents (3¢) per ton.

18 (2) Five percent (5%) of total collections per year to
 19 the earmarked revenue fund, to the credit of the alternative
 20 energy research account.

21 ~~(2)~~ (3) All other revenues from license taxes
 22 collected under the provisions of this chapter shall be
 23 deposited to the credit of the general fund of the state."

24 Section 5. Coal board established -- composition. (1)
 25 There is a coal board composed of seven (7) members.

(2) The coal board is allocated to the office of the lieutenant governor for administrative purposes only as prescribed in section 827-108.

(3) The members of the coal board are selected as follows:

(a) the board of health and environmental sciences shall designate two (2) of its members;

(b) the board of natural resources and conservation shall designate two (2) of its members;

(c) the board of land commissioners shall designate one (1) of its members; and

(d) the board of public education shall designate two (2) of its members.

Each person designated serves on the coal board at the pleasure of his designating board while he is a member of the designating board.

Section 6. Chairman -- meetings -- compensation. (1) The board shall elect a chairman from among its members.

(2) The board shall meet quarterly and may meet at other times as called by the chairman or a majority of the members.

(3) Members are entitled to compensation as provided for in section 82A-112(7).

Section 7. Coal board -- general powers. The board may:

(1) employ a full-time administrator and a secretary and hire suitable office facilities;

(2) retain professional consultants and advisors;

(3) adopt rules governing its proceedings;

(4) consider applications for grants and award grants, subject to the availability of funds, from the alternative energy research funds for research projects that will further the purposes of this act.

Section 8. Applications for grants. Any person may apply for a grant to enable him to investigate the development of alternative renewable energy sources. The coal board shall prescribe the form for applications. Applicants shall describe the nature of their proposed investigations, including practical applications of the possible results and time requirements.

Section 9. Criteria for grant awards. The coal board may award grants to applicants under section 8 of this act in accordance with the following criteria:

(1) A grant may cover a period not exceeding one (1) year, and the board may not commit itself to spending funds anticipated to be available more than one year after the grant period begins. The board may give an applicant a statement of intent to renew its support of his work, subject to the availability of funds and such other conditions as the board may express.

1 (2) The board may give preference to investigations
2 which are also supported by grants from the federal
3 government or other persons provided the grants are
4 consistent with the other objectives of the board. The
5 purpose of this preference is to use the alternative energy
6 research account for matching moneys in order to support
7 more substantial research.

8 (3) The board may give preference to research centers
9 unattached to existing educational institutions where
10 several investigators can share supporting services.

11 (4) The board may give preference to research centers
12 which make information available to individuals, small
13 businesses, and small communities seeking the use of
14 renewable energy sources in their homes, plants, places of
15 business, and small communities.

16 (5) All information resulting from such research shall
17 be made available to the public and shall not become the
18 private property of or under the exclusive control of any
19 one (1) company or person.

-End-

9B86

1 *Senate* BILL NO. 87
 2 INTRODUCED BY *Tom Watt Ryan* *Norman*
 3 *Ronny*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR
 5 ASSISTING LOCAL GOVERNMENTS SOCIALLY IMPACTED BY COAL
 6 DEVELOPMENT AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT
 7 THE STATE; ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE
 8 FUND; ESTABLISHING A BOARD TO MAKE GRANTS FROM THE FUND TO
 9 LOCAL GOVERNMENTS; AMENDING SECTIONS 75-6916 AND 84-1309.1,
 10 R.C.M. 1947."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. There is a new R.C.M. section that reads as
 14 follows:

15 Purpose. The purposes of this act are to assist local
 16 governmental units which have been required to expand the
 17 provision of public services as a consequence of large-scale
 18 development of coal mines and coal-using energy complexes,
 19 and to invest a portion of the tax revenue from coal mines
 20 in a permanent fund, the income from which shall be used for
 21 the support of public schools throughout the state.

22 Section 2. There is a new R.C.M. section that reads as
 23 follows:

24 Social impact and education trust fund account
 25 established. There is within the earmarked revenue fund a

1 social impact and education trust fund account. Moneys are
 2 payable into this account under section 84-1309.1. The
 3 state treasurer shall draw warrants from this account upon
 4 order of the coal board.

5 Section 3. Section 84-1309.1, R.C.M. 1947, is amended
 6 to read as follows:

7 "84-1309.1. Disposal of license taxes. License taxes
 8 collected under the provisions of this chapter are allocated
 9 as follows: (1) To the county general fund from which coal
 10 was mined three cents (3¢) per ton.

11 (2) Forty percent (40%) of total collections per year,
 12 to the earmarked revenue fund to the credit of the social
 13 impact and education trust fund account.

14 (3) All other revenues from license taxes collected
 15 under the provisions of this chapter shall be deposited to
 16 the credit of the general fund of the state."

17 Section 4. There is a new R.C.M. section that reads as
 18 follows:

19 Coal board established -- composition. (1) There is a
 20 coal board composed of seven (7) members.

21 (2) The coal board is allocated to the office of the
 22 lieutenant governor for administrative purposes only as
 23 prescribed in section 82A-103.

24 (3) The members of the coal board are selected as
 25 follows:

INTRODUCED BILL

1 (a) the board of health and environmental sciences
2 shall designate two (2) of its members;

3 (b) the board of natural resources and conservation
4 shall designate two (2) of its members;

5 (c) the board of land commissioners shall designate
6 one (1) of its members; and

7 (d) the board of public education shall designate two
8 (2) of its members.

9 Each person designated serves on the coal board at the
10 pleasure of his designating board while he is a member of
11 the designating board.

12 Section 5. There is a new R.C.M. section that reads as
13 follows:

14 Chairman -- meetings -- compensation. (1) The board
15 shall elect a chairman from among its members.

16 (2) The board shall meet quarterly and may meet at
17 other times as called by the chairman or a majority of the
18 members.

19 (3) Members are entitled to compensation as provided
20 for in section 82A-112(7).

21 Section 6. There is a new R.C.M. section that reads as
22 follows:

23 Coal board -- general powers. The board may:

24 (1) employ a full-time administrator and a secretary
25 and hire suitable office facilities;

1 (2) retain professional consultants and advisors;

2 (3) adopt rules governing its proceedings;

3 (4) consider applications for grants from the social
4 impact and education trust fund account; and

5 (5) award grants, not to exceed in any one year three
6 fourths (3/4) of the revenue paid into the social impact and
7 education trust fund account, to local governmental units to
8 assist such units in meeting the social impact of coal
9 development by enabling it to adequately provide
10 governmental services which are needed as a direct
11 consequence of coal development. Such grants shall be
12 awarded on the basis of (a) need, (b) degree of severity of
13 impact from coal development, and (c) availability of funds.

14 Section 7. There is a new R.C.M. section that reads as
15 follows:

16 Applications for grants. The governing body of a city,
17 town, county, or school district or any other governmental
18 unit may apply for a grant to enable it to provide
19 governmental services which are needed as a direct
20 consequence of coal development. The coal board shall
21 prescribe the form for applications. Applicants shall
22 describe the nature of their proposed expenditures and the
23 time involved. The board may commit itself to the
24 expenditure of funds for more than one (1) year for a single
25 project, as long as the grant does not extend over more than

ten (10) years and does not exceed reasonable revenue expectations.

Section 8. There is a new R.C.M. section that reads as follows:

Disposition of interest from unexpended balance. The unexpended balance in the social impact and education trust fund account shall be invested as provided by statute by the state board of investments. Seventy-five percent (75%) of the income from such investments each year shall be paid into the earmarked revenue fund, for state equalization aid to public schools of the state. The remaining twenty-five percent (25%) of the income from such investments each year shall be paid to the board of regents of higher education for use by the institutions of higher learning in the state of Montana subject to the budgeting authority of the legislature. Except as provided in section 6 (5) herein the principle of the social impact and educational trust fund shall be dedicated to education and forever remain inviolate and sacred to this purpose as provided in sections 3 and 10 of article X of the Montana constitution.

Section 9. Section 75-6916, R.C.M. 1947, is amended to read as follows:

"75-6916. Definition of and revenue for state equalization aid. The following shall be paid into the earmarked revenue fund, for state equalization aid to public

schools of the state:

(1) twenty-five per cent (25%) of all moneys received from the collection of income taxes under chapter 49 of Title 84, R.C.M. 1947,

(2) twenty-five per cent (25%) of all moneys received from the collection of corporation license taxes under chapter 15 of Title 84, R.C.M. 1947, as provided by section 84-1901, R.C.M. 1947,

(3) one-half (1/2) of the moneys received from the treasurer of the United States as the state's shares of oil and gas royalties under the Act of Congress of February 25, 1920,

(4) interest and income moneys described in sections 75-6907 and 75-6908, R.C.M. 1947, and

(5) income from the social impact and education trust fund account, and

(6) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to sections 75-6912 and 75-6913 shall be paid into the same earmarked revenue fund.

As used in this Title, the term "state equalization aid" means those moneys deposited in the earmarked revenue fund as required in this section plus any legislative appropriation of moneys from other sources for distribution to the public schools for the purpose of equalization of the

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1 foundation program."

-End-

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 24, 1975

The eighth regular meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:10 a.m., by Chairman Watt.

ROLL CALL: Roll call found all members present with the exception of Sen. Mathers. Ex-officio member McOmber was present also.

The following witnesses were present:

G.V. Erickson - Mont. Ass'n. of School Admin.
Dorothy Eck - State-Local Coordinator
N. J. Lien - Mont. University System
J. M. Pichette - Democratic Party
J. Dracon - School Dist. #2, Billings
H. Rehmer - State Supt.
S. Colberg - "
Maurice J. Hickey - Montana Education
Richard L. Bourke - E.Q.C.
Ray Woodruff
Sarah E. Bowler
Bruce Nelson - MSL
Wallace Edland - Mont. School Boards Ass'n.

Chairman Watt first noted that SB 34 was back in the committee for a minor amendment, the changing of the Section number. This amendment was made, see attached copy.

DISPOSITION: Sen. Towe Moved The Adoption of Amendments to SB 34. Motion seconded by Sen. Healy; motion carried.

Sen. Turnage MOVED SB 34 DO PASS AS AMENDED. Motion was seconded by Sen. Healy; motion carried.

CONSIDERATION OF SENATE BILL 87: Sen. Towe introduced his bill explaining how the tax moneys would be distributed in the trust funds and making funds immediately available to the impact areas. He mentioned several proposed changes to the bill and distributed copies of these amendments which included changing to ten the number of members on the 'coal board' as detailed in the bill. Written testimony, copy attached.

Following his testimony Chairman Watt asked for other proponents of the bill: G.V. Erickson commented on the forward look of the bill; Maurice Hickey stated their support of the bill as did John Dracon, Wallace Edland, Michael Pichette, Nancy Lien, Dorothy Eck and Don Patterson.

Chairman Watt stated here that due to the time already consumed, the committee would accept written testimony and remaining oral testimony must be brief.

Brief comments were then heard from Ray Woodruff and Sarah

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Bowler asking favorable action by the committee.

Chairman Watt then opened the meeting for opponents of the bill; there were none and it was open for questions.

Sen. Turnage questioned the constitutionality of the coal board as detailed in the bill, and the powers given them in earmarking the funds. Sen. Healy questioned the even number on the proposed board. Sen. Turnage stated he had additional questions to ask, and he felt the people at this hearing should hear these questions. He said no one is complaining about using the money where it is needed, rather it is the manner of appropriating the money. He said this bill specifies that the coal board would receive direct tax collections and the citizens would not have anything to say about how the money is to be distributed. He did not object to the concept of the bill. Sen. Brown suggested further discussion on SB 87 at another time.

Due to another committee hearing scheduled for the room, Chairman Watt explained that further testimony on the bill must be heard at a future day. Anyone in attendance from out of town would be allowed to give brief testimony, but additional testimony must await the next meeting of the committee which he set for next Tuesday.

Chairman Watt permitted Sen. Towe a limited time in which to present the companion bill.

CONSIDERATION OF SENATE BILL 86: Sen. Towe presented several amendments he is proposing for this bill as well, pointing out several of the changes. The bill would earmark 5% of the tax from coal for alternative research; this money then would be available for research, upon application.

On Chairman Watt's invitation Laurant Dundee gave brief testimony in support of the bill and submitted written testimony, copy attached, favoring both bills.

Chairman Watt stated there would be continuation of hearing of both bills at the next meeting, Tuesday, Jan. 28 at 8 a.m.

Robert D. Watt
ROBERT D. WATT CHAIRMAN

ROLL CALL

TAXATION

COMMITTEE

44th LEGISLATIVE SESSION - - 1975

Date _____

1/29

[illegible]

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 28, 1975

The ninth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:10 a.m. by Chairman Watt.

ROLL CALL: Roll Call found all members present.

Chairman Watt first announced that SB14, previously heard by the committee, was again before the committee for their consideration. Sen. Mathers presented several amendments to the bill, see attached copy. These were discussed by committee.

DISPOSITION: Sen. Mathers MOVED THE ADOPTION OF AMENDMENTS TO SB 14. The motion carried unanimously.

Sen. Mathers then MOVED SB 14 DO PASS AS AMENDED. The motion carried unanimously, roll call vote taken, attached.

Chairman Watt then announced continuation of SB 86 and 87. SB87 had previously been heard and 86 discussed, however incomplete testimony had been given on this due to lack of time.

CONSIDERATION OF SENATE BILL 86: Sen. Towe said this bill addresses itself to what will be done when coal and other fossil fuels are gone. The bill provides for funds to go into research. He had made numerous inquiries to determine how much research is being done in these fields and received numerous letters in reply, see attached testimony. He quoted figures showing the comparatively small amount that is going toward such research at the present time. He introduced testimony also showing how solar energy is being used in homes and also mentioned states which have passed legislation that encourages use of such renewable energy sources. He stated that if 5% of the severance tax were available this would total 1,312 million in 1976 and 1,850 million in 1977.

Following his testimony Chairman Watt asked for other proponents and Bruce Nelson representing the Montana Student Lobby read testimony, copy attached.

The meeting was then opened for other testimony or questions and Roger Tippy questioned a point of law in the bill. The Student Lobby had a particular amendment they favored in the bill and these and several other terms were discussed by committee members. The term 'development' was discussed at length and the committee asked that Roger Tippy prepare Sen. Towe's amendments in more readable form and also to define this term to the satisfaction of the committee.

Sen. Manning then spoke and reiterated the committee's feelings that non-renewable energy sources should be guarded but also that the renewable sources should be developed specifying in particular, Montana's water. He suggested holding water at a higher elevation and storing it there for use, uti-

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lizing this power as it is needed instead of allowing it to flow out of the state. By thus declaring that it was being used, Montana would then have a 'handle' on its own resources and could thus use this form of energy itself, rather than permit lower states to claim that power. He feels the legislature should take a good, broad look at the matter for the future, for the state's survival.

Chairman Watt thanked Sen. Manning for his remarks and directed Mr. Tippy to rewrite SB 86 with the amendments.

The chairman then asked the committee about taking the two bills, together with SB 13, up at Wednesday's meeting with the hope of moving the bills out of committee.

Following this discussion the meeting was adjourned at 9:05 a.m.

Robert D. Watt
ROBERT D. WATT CHAIRMAN

[illegible]



MONTANA BUREAU OF MINES AND GEOLOGY

BUTTE, MONTANA 59701

OFFICE OF THE DIRECTOR

October 8, 1974

The Hon. Thomas E. Towe
Montana State House of Representatives
2640 Burlington Avenue
Billings, Montana 59102

Dear Tom:

Reference is made to your letter of October 1, pertaining to the use of existing revenue for developing alternative sources of energy.

I had not yet heard of the proposal that a substantial portion of existing coal tax revenue should be set aside for alternative energy research. This sounds like a good idea, especially if the research is productive.

It would be necessary to run down the details but, in answer to your question, there is a major national research effort directed to alternative (non-fossil fuel) energy potential. The effort is being applied to all possible energy sources, including solar, geothermal, wind, tidal, and other less apparent potential sources. Many universities and private research institutions are involved. In Montana, I am aware of wind energy research at MSU in Bozeman, and we have Mr. Charles Herndon here at Montana Tech who is experienced and interested in solar energy.

I am sure that seed money and matching funds are available from the federal government. Very often the lack of state funds makes it virtually impossible to obtain research contracts or matching-fund grants.

It is my feeling that the combined efforts of the Montana University System could produce some very significant research results in the area of solar, wind, and geothermal energy. With your permission as obtained in today's phone conversation, I am routing a copy of your letter and this letter to the research directors of the University System. I am asking them to respond to your letter.

On a practical basis we know we have enough finite reserves of all fossil fuels (including coal, oil shale, and tar sands) to last the North American Continent for hundreds of years. A serious technological gap must be overcome, however, and to this end the nation is

The Hon. Thomas E. Towe

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October 8, 1974

directing expenditures of billions of dollars. Yet, there seem to be no immediate answers, and the finding of new sources of easy energy has gone by the board.

As I see it, we will have to utilize every possible source of energy to reduce the impact of shortage. Some sources may provide only a "drop in the bucket", but they are still needed. The long-term answer is fusion energy, which we may expect in 30 to 50 years, and my hope is that it may be developed sooner.

The current so-called "energy crisis" is still with us. I believe it will get worse, and we are also faced with a resultant "economic crisis", and coming along is a "mineral materials crisis". These could very well lead to agricultural and social problems. The situation does not look good for the near future, but all we can do is plan ahead, develop better technology, and learn to accept things as they are.

Thanks again for your inquiry, and I hope the research directors of the University System can provide additional and adequate information.

If all goes as planned, I will visit with you briefly on the morning of October 23.

Sincerely,


S. L. Groff, Director
and State Geologist

SLG:eh

cc Dr. F. W. DeMoney
Dr. Lawrence K. Pettit
Dr. Vernon Griffiths
Dr. Roy Huffman
Mr. Norman E. Taylor

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY FOUNDATION
WEST PARK STREET
BUTTE, MONTANA 59701

December 26, 1974

The Honorable Thomas E. Towe
Montana State House of Representatives
2640 Burlington Avenue
Billings, Montana 59102

Dear Representative Towe:

Your letter dated October 1, 1974, and addressed to Sid Groff, Director, MBM&G was also passed to me as a copy with the suggestion that I should prepare a reply.

I have seen Sid's response and I concur with his remarks. My own reply is, I regret, long overdue and I must plead pressure of other duties as my excuse.

I discern that you do not want a catalog of all the energy research presently on-going in the USA which would in any event be a formidable task. I can state that Federal money is going into support of solar, wind, and geothermal energy research. The National Science Foundation, Department of Health Education & Welfare, the new Energy Research and Development Administration, NASA and the Office of Coal Research are all supporting such endeavors. The dollar value of the research, the specific tasks being undertaken, and of more interest in some respects, what unsolicited research has been refused support are difficult to discover.

Should the State of Montana support in some way some kind of energy research? Well, it is certainly easier in many situations for a university or industrial group to break into a new field if they can show a little experience or initial development of an idea and this is what seed money can provide. But how do you decide what to spend your seed money on? Presumably a technical review panel of some kind would have to be established.

One area which I think Montana should look at is the future for domestic or industrial/retail space heating. We can see that our natural gas coming from Canada is becoming more expensive and will become harder to get. This indicates that homeowners and businessmen may look to alternatives. These appear to be electricity, wood, coal, all perhaps supplemented by solar or wind power. Given our coal deposits it seems to me that we are apt to see Montanans turn to coal, especially if it should turn out that the Colstrip generation #3 & #4 are not built or if electricity becomes significantly more expensive. What will be the environmental effects of householders and businesses burning coal?

Honorable Thomas E. Towe
Page 2
December 26, 1974

Do we need to develop now a residential type furnace capable of burning coal, staying within the ambient air standards and suitable for substitution for the typical natural gas burning home furnace? Can a suitable solar/ wind energy converter for supplementing heat in existing residences be economically manufactured?

This is where I believe Montana should put its money. Let us focus on those energy problems which appear to most directly confront us. The larger problems can be left to Federal support as they are at present.

I might add that the Montana Tech Minerals Research Center hopes to engage in a coal furnace development during 1975.

Thank you for the opportunity to convey to you my thinking in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Vernon Griffiths".

Dr. Vernon Griffiths
Executive Director
Montana Tech Foundation

VG:JB



University of Montana

Missoula, Montana 59801

(406) 243-0211

October 25, 1974

The Honorable Thomas E. Towe
Montana House of Representatives
2640 Burlington Avenue
Billings, Montana 59102

Dear Mr. Towe:

The new federal energy budget, which will be administered by the Energy Research Development Administration (signed by Ford earlier in October) included substantial funds for non-traditional sources of energy, including solar, geothermal and wind. With respect to the number of professionals working on the exotics, there is probably enough money available to cover most of the good research proposals that will be submitted during the fiscal year 1975.

The need for a small amount of seed money for the purpose of matching could help a few people in Montana, but we generally lack the complete research team needed to make important contributions to this new technology. Principles are well established, but technology development needs large sums of money and integrated research teams. In geothermal research I feel we could make a significant contribution with Montana professionals; we have good geophysics, geology and exploration technology. We are less strong in the other areas.

If money for research is to come from the coal tax, it should go into coal research, for we have only begun to scrape the surface of research needs aimed at understanding the physical-biological and socio-economic problems of this development. To put money into alternative sources of energy when we are faced with the enormity of problems derived from traditional sources, is to throw away a potentially successful investment in time and expertise by many people ready to work on coal. Our contribution to the exotic development will, in my judgment, be small and very long term with respect to people and talent.

Other institutions, namely the University of Arizona, Massachusetts Institute of Technology, California Institute of Technology, Stanford University, and some others, have already made sizeable investments in solar, wind and tidal energy research and development at this time, and appear to be the most suitable academic institutions for carrying this

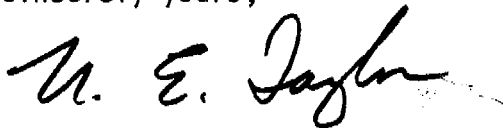
The Honorable Thomas E. Towe
October 25, 1974
Page 2

work forward. Together with fusion, these exotics will be developed at the large research institutions, public and private, due to the difficult materials and systems analysis such work entails.

I urge that we spend the small amount of research money to be derived from a coal tax on coal problems, at least for the next five years. Then we can reassess where revenues may be productively invested. I would include geothermal research for immediate revenue support as well, but that's the only one.

I would also suggest that the small amount of coal tax revenue derived by the State is already needed for many purposes, and a new "research" tax is needed if substantial amounts are to be invested in matching and new projects.

Sincerely yours,



N. E. Taylor
Vice President for Research

NETF

P.S. If you'd like to visit further on
this I'd be happy to.
N.

NOV 22 1974

United States Senate
Office of the Majority Leader
Washington, D.C. 20510

November 19, 1974

Honorable Thomas E. Towe
Towe, Neely & Ball
Attorneys at Law
2525 Sixth Avenue North
Billings, Montana 59101

Dear Tom:

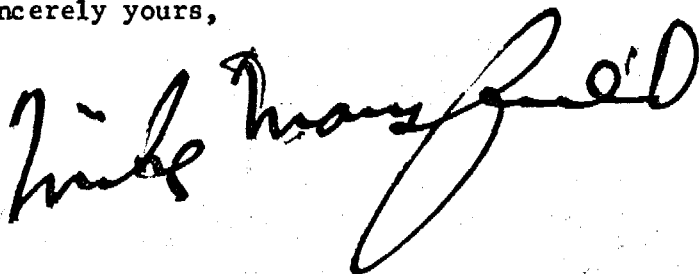
Enclosed is a letter from the National Science Foundation,
along with several brochures, discussing their various programs.

I hope you find the enclosed information on the desirability
of setting aside certain coal tax revenues for alternative
energy research of some value.

With best personal wishes, I am

Sincerely yours,

Enclosures

A handwritten signature in black ink, reading "Mike Mansfield". The signature is written in a cursive, flowing style. The first name "Mike" is written in a smaller, more compact script, while "Mansfield" is written in a larger, more elaborate cursive script with a long, sweeping tail that extends downwards and to the right.

NATIONAL SCIENCE FOUNDATION

WASHINGTON, D.C. 20550

November 8, 1974

Honorable Mike Mansfield
United States Senate
Washington, D.C. 20510

Dear Senator Mansfield:

This letter is in response to your letter of October 21 to Dr. H. Guyford Stever concerning the proposal by Montana State Representative Thomas E. Towe for setting aside a certain portion of coal tax revenue in the State of Montana for alternative energy research.

The National Science Foundation does have research programs in all the scientific fields which are listed in Mr. Towe's letter. These are described in greater detail in the enclosed bibliography of energy research and technology and the National Science Foundation's Mosaic. More information on all these areas can be made available to Mr. Towe, if this is desired.

The other Federal agencies also conducting or funding research in these fields include the Atomic Energy Commission, the Department of Interior (Office of Coal Research), the newly established Energy Research and Development Administration, and NASA. Somewhat less extensive or less directly related programs of research are funded or conducted by the Department of Transportation, Department of Defense, Environmental Protection Agency, and the Council for Environmental Quality.

In addition, it may be useful to know that the Smithsonian Science Information Exchange will provide, for a nominal fee, a computer-searched list of abstracts on all Federal, state, institutional, and industrial projects in any designated energy research field. The Smithsonian Science Information Exchange is located at 1730 M Street, N.W., Washington, D.C. 20036. We suggest a phone call first to learn what information they need for their search. Your point of contact should be Mr. Robert Summers, telephone (202) 381-5711.

With respect to some of the other questions raised, NSF does not provide matching grants but does participate in cooperative research

ventures with universities, industries, foundations, municipalities, and states. A preliminary search at NSF has not revealed any programs in any other states or areas which are closely comparable to that discussed by Mr. Towe.

In general, based upon the small amount of information provided by Mr. Towe, the proposal to set aside a portion of the coal tax revenues for alternative energy research seems potentially worthwhile. Using this revenue, very effective research could be conducted in these alternative energy systems.

In response to your request, we are returning the letter from Mr. Towe which you enclosed in your letter to us.

I trust this satisfactorily answers your questions. If we can be of any further assistance, please let me know.

Sincerely yours,

J. Marsha, for

William H. Wetmore

Director

Office of Systems Integration
and Analysis

Enclosures

SAM J. ERVIN, JR., N.C., CHAIRMAN

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BILL BROCK, TENN.

United States Senate

COMMITTEE ON
GOVERNMENT OPERATIONS
WASHINGTON, D.C. 20510

ROBERT BLAND SMITH, JR.

CHIEF COUNSEL AND STAFF DIRECTOR

16 October 1974

OCT 21 1974

Honorable Thomas E. Towe
2525 Sixth Avenue North
Billings, Montana 59101

Dear Representative Towe:

Thank you for your letter requesting information about an alternative energy research center.

I am sorry to say there is no such center presently in operation, although Congressional action is nearly completed on other measures which attempt to achieve the same thing, albeit in fragmented form.

Enclosed are documents pertaining to these projects. The Senate Energy Research and Development Act (See Report 93-589 accompanying S. 1283) creates, for example, five distinct development corporations: Coal Gasification Corporation, Shale Oil Development Corporation, Advanced Power Cycle Development Corporation, Geothermal Energy Development Corporation and Coal Liquefaction Corporation.

S. 3234, the Solar Energy Research Act, establishes an Office of Solar Energy Research.

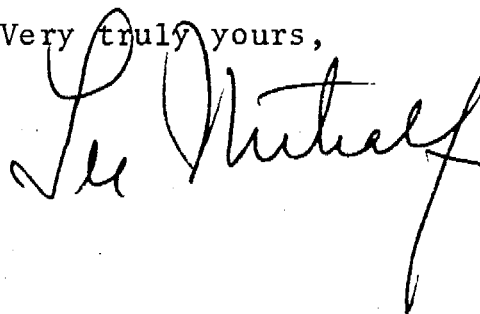
Both measures have cleared conference and should be signed into law soon.

Page Two
Honorable Thomas E. Towe
16 October 1974

I would much prefer a single coordinated effort to develop alternative sources of energy. I am not happy with the language developed by the ERDA conferees and did not sign the Conference report. It is clear that the Ford Administration, like its predecessor, is not going to change its favored treatment of conventional energy industry and the Congress apparently is not going to insist on a change.

I hope these materials will be of assistance to you. Please let me know if I can be of further help.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Lee Mitchell". The signature is written in dark ink and is positioned below the typed name "Lee Mitchell".

Enclosures

JOHN MELCHER
SECOND DISTRICT, MONTANA
(EASTERN MONTANA)

1641 LONGWORTH BUILDING
WASHINGTON, D.C. 20515
(202) 225-1555

Congress of the United States
House of Representatives
Washington, D.C. 20515

October 8, 1974

COMMITTEES:
INTERIOR
CHAIRMAN—SUBCOMMITTEE
ON PUBLIC LANDS
ADDITIONAL SUBCOMMITTEES:
MINES AND MINING
INDIAN AFFAIRS
ENVIRONMENT
AGRICULTURE
SUBCOMMITTEES:
LIVESTOCK AND GRAINS
FORESTS

Rep. Thomas E. Towe
2525 - 6th Avenue North
Billings, Montana 59101

Dear Tom:

Thank you for your letter regarding the Montana coal tax and energy research proposal. It is promising and I hope the State can play a key energy research and development role.

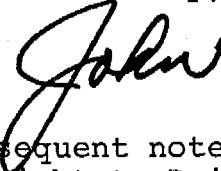
As a result of your letter I asked the National Science Foundation's Intergovernmental Services Program office to call you. I hope you've heard from NSF by now. This is the agency which, more than any other I can find, will be able to work with you in determining what the state can and should do to promote and assist meaningful energy research and alternative source application. NSF is also the best source of information on private sources of financial help.

You should also be aware that both houses have now adopted legislation to coordinate energy research under a new Energy Research and Development Administration. I expect that legislation to be signed into law this year. That should eventually make it much easier for states and individuals to learn what is being done and what assistance there may be for new work in the future.

Let me know if I can be of further help.

Best regards.

Sincerely,



P.S. As you requested in your subsequent note, enclosed are copies of the Comprehensive Right to Privacy Act which I sponsored and the revised version which has now been reported.

the montana student lobby

P.O. BOX 415 HELENA, MONTANA 59601 458-5305

TESTIMONY ON SENATE BILL 86

SENATE TAXATION COMMITTEE

JANUARY 24, 1975

Mr. Chairman and members of the committee, my name is Bruce Nelson and I represent the Montana Student Lobby which is composed of the Associated Students of the U. of M., M.S.U., E.M.C., N.M.C. and Montana Tech.

The Montana Student Lobby firmly supports the intent of Senate Bill 86. You, as legislators, are fully aware of the dangers of earmarking revenue. We would hope you would give very careful consideration to measures which tie the funding of any state department or program to revenue generated from any industry, particularly coal mining. For, while it may be a short range solution to the urgent needs of our state, one day the coal will be gone or replaced as an energy source by one economically more attractive. Yet, the needs of Montanans will surely remain.

One of our nation's indeed our civilization's greatest challenges is the development of alternative energy sources for that day not so far in the future when the coal and other fossil fuels are gone. We can think of no better use for the revenue from coal production and one in which the possible long range benefits outweigh the dangers of earmarking than to fund the research programs whose results will meet that challenge.

I am reminded of a quote from an article by Arnold Miller, President of the United Mine Workers published in The Center Magazine in the November/December 1973 issue. "A few months ago I was meeting with some coal industry executives who were wringing their hands about the sulphur problem and how it was affecting their sales. I wouldn't argue that it was having an effect, but I could still ask them a question, "Gentlemen, when did you first discover there was sulphur in coal?" I knew the

answer as well as they did. The discovery goes back hundreds of years.

BRUCE NELSON
legislative representative

RANDY COX
assistant

LAURA MITCHELL
assistant

Nelson

The next question was, "Gentlemen, how much money has each of your companies spent researching ways to handle the sulphur problem?" They changed the subject."

This illustrates our dilemma. It has been difficult to require industry to fund research to assure present energy sources are utilized in a manner consistent with the demand for a quality environment. It is somewhat foolish to believe they will massively fund research to develop new energy sources as long as those used now are profitable. Examination of stockholders reports indicates that the coal and fossil fuel business ^{is} ~~is~~ doing quite well.

The Solar Research, Development and Demonstration Act recently passed by Congress commits over \$76 million to research in FY 1976-- several additional federal programs provide money for research into developing various other potential energy sources. Senator Towe's bill will provide over \$3 million to begin programs on the state level but which can also be used to attract federal matching funds and grants to expand the scope of those programs. These programs are vital to our future.

That is why we fully support the intent of SB-86. We would, however, propose to delete Section 9, paragraph 3 giving preference to research centers unattached to existing educational institutions. It has been said that research is the heart of institutions of higher learning--it is there that the manpower, training and expertise is concentrated to achieve the task ahead. Research into wind and solar energy presently being undertaken at M.S.U. and Montana Tech have laid a solid foundation upon which to build a more fully-funded and wider ranging program. To allow the benefits of an influx of research money to our universities and colleges to go elsewhere is to take a step backward in Montana's continuing effort to maintain and strengthen a ~~system~~ system of higher education.

We commend Senator Towe for recognizing the urgent need and proposing a method to begin the hard long task of restructuring an entire economic system fueled by the fossil remains of a long past era--we hope you will give favorable consideration to this measure and our proposed amendment. Thank you for this opportunity to address your committee.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 29, 1975

The tenth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:14 a.m. by Chairman Watt.

ROLL CALL: Roll call found all members present.

Chairman Watt opened the meeting by asking the committee's consideration of SB13, previously heard. Sen. Towe, sponsor of the bill, then introduced several amendments he had for his bill and these amendments were discussed.

Sen. Towe Moved to Adopt Amendment No. 1; motion carried.

He then Moved to Adopt Amendment 2; motion carried. He

then Moved to Adopt Amendments 3 and 4; motion carried.

He also Moved to Adopt Amendment 5; motion carried.

Chairman Watt then asked for further discussion on the bill and Sen. Mathers objected to some of the language in the bill, in particular the term 'contract sales price' as defined in Section 2 on page 3. He mentioned that the summer's subcommittee on Fossil Fuels had discussed this legislation thoroughly and felt that the wording of SB13 as it is, would create 'pyramiding' of taxes.

He suggested an amendment and Roger Tippy quoted the suggested amendment.

Sen. Mathers then Moved to Adopt his Amendment. After some discussion a roll call vote was taken which defeated his motion 5 to 3. Copy of this vote attached.

Chairman Watt then asked for further discussion and/or amendments and Sen. Mathers stated he thought the coal companies should be treated the same as the gas and oil companies and suggested a change in the percentage of tax charged, page 4, line 16 of the bill. The question of the fiscal impact if this tax were changed was also discussed.

Sen. Turnage Moved to Defer Disposition of SB13 Until Disposition of SB87. Following extensive discussion of the present state of the bills, which face numerous amendments both proposed and adopted, (see above) Sen. Turnage then Withdrew his Motion. Sen. Manning stated he feels it is at present a 'crippled' bill and thinks the committee should take more time to find out about the mechanics of the bill and their probable effects.

Chairman Watt asked for other discussion from members concerning the bills and their proposed amendments and it was agreed that action on these bills would be postponed.

CONSIDERATION OF SENATE BILL 165: Senator Cetrone introduced his bill saying it was designed to take business inventories out of Class 3 and put them into Class 7. Since the passing of the bill to change date of inventory assessments, taxable inventories would necessarily be higher, however, this legislation would lower the rates. He introduced Dennis Burr of the Department of Reve-

[illegible]

Page 2
Tax Comm.

Jan. 31, 1975

Chairman Watt then asked if Sen. Manning was ready for the committee's action on Senate Bills 13, 86 or 87. Sen. Manning had received some recent information from the State Highway Dept. in regard to road funds and as a result, preferred several additional amendments to the already-revised bill. DISPOSITION: Sen. Towe then MOVED SB13 AS AMENDED DO PASS; motion carried, Sen. Mathers voting "No". R.C. attached.

The committee then discussed SB86, also previously heard and extensively amended. Members are in possession of the revised bill, to which several additional amendments were to be added. There was discussion on the bill with these amendments also on the definition of the word 'demonstration' as used in the bill, section 1, line 18. Sen. Mathers also questioned if there was a provision in the bill that would permit the Legislature to be authority in the use of such funds. This amendment was on page 3, starting subsection 4, line 22. Roger Tippy was instructed to assist in getting these amendments into the bill as well.

Sen. Towe Moved Adoption of Amendments to SB86; motion carried unanimously.

Members discussed an amendment proposed by the Montana Student Lobby at the hearing.

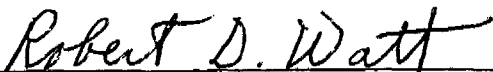
Sen. Brown Moved Adoption of Amendment to SB86; motion carried unanimously.

Sen. Turnage Moved Adoption of Amendment to SB86; this amendment on defining 'demonstration'. Motion carried.

Sen. Mathers' proposed amendment 'subject to Legislative appropriation' was discussed next and Sen. Turnage Moved Adoption of Amendment to SB86; motion carried.

DISPOSITION: Sen. Towe Moved SB 86 DO PASS AS AMENDED. Motion carried unanimously.

Chairman Watt then adjourned the meeting.


ROBERT D. WATT CHAIRMAN

[illegible]

Page 2
Tax Comm.

Feb. 1, 1975

serve as an inducement to encourage more investors in thrift institutions, thus making more funds available for the presently-faltering housing construction business.

Appearing also as a proponent to the bill was Steve Grose who said that because of high interest rates during the past year, loans have been cut off. He felt the best way to stimulate the housing industry is to get the flow back into the companies best equipped to do this. He felt that revitalization of the housing industry would offset the tax loss to the state by giving the saver greater incentive to invest in the thrift institutions. John Cadby said the banking industry needed capital and any incentive to encourage people to keep their savings in Montana would help alleviate the present situation.

Speaking also as proponents of the bill were J.G. Havelland who said recently they had had to tell people they were unable to make home loans in order to keep their institutions in a liquid position. Bob Pennington also gave his support to the bill.

Chairman Watt then asked for opponents to the bill and Mr. Vralstad said he was neither for nor against the bill but would suggest specific language to make an effect date to the bill.

Sen. Greely closed with his remarks, and following, the chairman permitted questions by the committee.

Roger Tippy said an effort had been made to get this proposal introduced into Congress. The Ways and Means Committee had agreed on the first \$500 of interest earned as an exemption, but it had not come out of the committee.

After further discussion the hearing on this bill was concluded.

Chairman Watt then announced that the committee had acted on SB86, and if there were no objections, the bill would be made into a Substitute Bill. There were no objections.

DISPOSITION: Copies of the 3rd copy of this bill were distributed to members and Sen. Manning introduced his amendments. Roger Tippy went through the amendments, explaining each. Two representatives of the Highway Department, with whom Sen. Manning had previously conferred, were present at the meeting and contributed to the discussion on several of the amendments.

Chairman Watt asked for further discussion or comment from the committee, and if there were objections to making it a Substitute Bill.

Sen. Manning Moved Substitute Bill SB87 AS AMENDED DO PASS. Motion carried unanimously.

Chairman Watt adjourned the meeting.

Robert D. Watt
ROBERT D. WATT

CHAIRMAN

[illegible]

STANDING COMMITTEE REPORT

Reproduced from collections in the Montana Historical Society Archives

February 1, 19 75

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 87

Respectfully report as follows: That SENATE Bill No. 87,
be amended as follows:

1. Amend the title, page 1, line 5.
Following: "GOVERNMENTS"
Strike: "SOCIALLY"
Insert: "AND HIGHWAY SYSTEMS"
2. Amend the bill, pages 1 through 7, line 13.
Strike: All of the bill following the enacting clause
Insert: (The attached material.)

AND AS SO AMENDED, DO PASS

~~XXXXXX~~

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14 " Section 1. There is a new R.C.M. section that reads
15 as follows:

16 Purpose. The purposes of this act are to assist local
17 governmental units which have been required to expand the
18 provision of public services as a consequence of large-
19 scale development of coal mines and coal-using energy
20 complexes, to assist in the construction and reconstruction
21 of designated portions of highways which serve the area
22 affected by such large scale development, and to invest a
23 portion of the tax revenue from coal mines in a permanent
24 fund, the income from which shall be used for the support
25 of public schools throughout the state.

1 Section 2. There is a new R.C.M. section that reads
2 as follows:

3 Local impact and education trust fund account and coal
4 area highway improvement account established.

5 (1) There is within the earmarked revenue fund a local
6 impact and education trust fund account. Moneys are payable
7 into this account under section 84-1309.1. The state treasurer
8 shall draw warrants from this account upon order of the coal
9 board.

10 (2) There is within the earmarked revenue fund a coal
11 area highway improvement account.

12 Section 3. Section 84-1309.1, R.C.M. 1947, is amended
13 to read as follows:

14 "84-1309.1. Disposal of license or severance taxes.
15 License or severance taxes collected under the provisions of
16 this chapter or such sections as may enact a severance tax
17 on coal in 1975 are allocated as follows: (1) To the county
18 general-fund for such purposes as the governing body of that
19 county may determine from which coal was mined three cents (3¢)
20 per ton; provided, however, for each calendar year prior to
21 January 1, 1980, this amount shall be three cents (3¢) per ton
22 or five percent (5%) of the contract sale price of the coal
23 mined in that county, whichever is higher.

24 (2) Thirty percent (30%) of total collections per year,
25 until July 1, 1979, and thereafter forty percent (40%), to the

1 earmarked revenue fund to the credit of the local impact and
2 education trust fund account.

3 (3) For each of the four (4) fiscal years following the
4 effective date of this act ten percent (10%) of total
5 collections per year to the earmarked revenue fund to the credit
6 of the coal area highway improvement account.

7 (4) All other revenues from license taxes collected
8 under the provisions of this chapter shall be deposited to the
9 credit of the general fund of the state. "

10 Section 4. There is a new R.C.M. section that reads
11 as follows:

12 Coal area highway reconstruction program.

13 (1) There is appropriated to the department of highways
14 for each of the four (4) fiscal years following the effective
15 date of this act all the funds in the coal area highway
16 improvement account for carrying out the programs authorized
17 by this section. ✓

18 (2) The department of highways, within the area designated
19 as the Eastern Montana Coal field economic growth Center as
20 certified to the Secretary of transportation by the governor
21 under section 143, Title 23, United States Code, shall prepare
22 a special construction program for the reconstruction of
23 deficient sections of these highways.

24 (3) The department of highways shall expedite the
25 planning and reconstruction program for projects on the

1 designated portions within this area by using funds allocated
2 under this subsection and any federal funds that may be made
3 available to match such funds; until federal funds are made
4 available to match the funds allocated under this subsection
5 the department of highways may, upon approval of the Montana
6 state highway commission, expend such funds for planning and
7 reconstruction projects.

8 (4) Funds allocated under this subsection shall not be
9 used to match apportionments made for primary and secondary
10 highways under the Federal Aid Highway Acts; however, nothing
11 in this subsection should be construed to prohibit the
12 implementation of projects otherwise funded by apportionments
13 made under the Federal Aid Highway Acts; furthermore, planning
14 and reconstruction projects may be financed in whole or in
15 part by public and private funds provided such projects conform
16 to the applicable standards, regulations and procedures of
17 the department of highways and the federal highway administra-
18 tion.

19 Section 5. There is a new R.C.M. section that reads as
20 follows:

21 Coal board established -- composition. .

22 (1) There is a coal board composed of ten (10) members.

23 (2) The coal board is allocated to the department of
24 intergovernmental relations for administrative purposes only
25 as prescribed in section 82A-108.

1 (3) The members of the coal board are selected as follows:

2 (a) Four (4) local government elected officials from
3 coal impacted areas shall be appointed by the governor from
4 a list of eight (8) persons, four (4) of which are recommended
5 by the Montana Association of Counties or its successor
6 organization and four (4) of which are recommended by the
7 Montana League of Cities and Towns;

8 (b) The governor shall designate one (1) member from
9 the department of intergovernmental relations;

10 (c) The governor shall designate one (1) member from
11 the department of social and rehabilitation services;

12 (d) the board of health and environmental sciences shall
13 designate one (1) member;

14 (e) the board of natural resources and conservation
15 shall designate one (1) member;

16 (f) the board of public education shall designate one (1)
17 member;

18 (g) the board of regents shall designate one (1) member.

19 Each person designated serves on the coal board at the
20 pleasure of his designating authority while he is a member of
21 the designating board, or department or while he remains an
22 elected official for a two (2) year term.

23 Section 6. There is a new R.C.M. section that reads as
24 follows:

25 Chairman -- meetings -- compensation.

1 (1) The board shall elect a chairman from among its
2 members.

3 (2) The board shall meet quarterly and may meet at other
4 times as called by the chairman or a majority of the members.

5 (3) Members are entitled to compensation as provided
6 for in section 82A-112(7).

7 Section 7. There is a new R.C.M. section that reads as
8 follows:

9 Coal board -- general powers. The board may:

10 (1) retain professional consultants and advisors;

11 (2) adopt rules governing its proceedings;

12 (3) consider applications for grants from the local
13 impact and education trust fund account; and

14 (4) award grants, subject to section [8 of this act],
15 not to exceed in any one year three fourths (3/4) of the
16 revenue paid into the local impact and education trust fund
17 account, to local governmental units to assist such units in
18 meeting the local impact of coal development by enabling it
19 to adequately provide governmental services and facilities
20 which are needed as a direct consequence of coal development.

21 Such grant shall be awarded on the basis of (a) need,

22 (b) degree of severity of impact from the coal development,

23 and (c) availability of funds.

24 Section 8. There is a new R.C.M. section that reads
25 as follows:

1 (1) the department of intergovernmental relations shall
2 designate counties, towns, school districts and other govern-
3 mental units which have had or expect to have an increase in
4 estimated population of at least twenty percent (20%) during
5 any three (3) years since 1972 as a result of the impact of
6 coal development. The coal board shall, subject to the
7 appropriations of the legislature, award at least fifty percent
8 (50%) of all grants awarded to governmental units for meeting
9 the needs caused by coal development each year to these
10 designated governmental units.

11 (2) Attention should be given by the coal board to the
12 need for community planning before the full impact is
13 realized. Applicants should be able to show how their
14 request fits into an all over plan for the orderly management
15 of the existing or contemplated growth problems.

16 (3) All funds placed in the local impact and educational
17 trust fund account established under the act shall be subject
18 to appropriations by the legislature for use related to local
19 impact or for transfer to a permanent trust for education.

20 Section 9. There is a new R.C.M. section that reads
21 as follows:

22 The department of intergovernmental relations will
23 provide suitable office facilities and the necessary staff for
24 the coal board.

25 Section 10. There is a new R.C.M. section that reads

1 as follows:

2 Applications for grants. The governing body of a city,
3 town, county, or school district or any other governmental
4 unit may apply for a grant to enable it to provide govern-
5 mental services which are needed as a direct consequence of
6 coal development. The coal board shall prescribe the form
7 for applications. Applicants shall describe the nature of
8 their proposed expenditures and the time involved. The
9 board may commit itself to the expenditure of funds for more
10 than one (1) year for a single project, as long as the grant
11 does not extend over more than ten (10) years and does not
12 exceed reasonable revenue expectations.

13 Section 11. There is a new R.C.M. section that reads
14 as follows:

15 Disposition of interest from unexpended balance. The
16 unexpended balance in the local impact and education trust
17 fund account shall be invested as provided by statute by the
18 state board of investments. Seventy-five percent (75%) of
19 the income from such investments each year shall be paid into
20 the earmarked revenue fund, for state equalization aid to
21 public schools of the state. The remaining twenty-five percent
22 (25%) of the income from such investments each year shall be
23 paid to the board of regents of higher education for use by
24 the institutions of higher learning in the state of Montana
25 subject to the budgeting authority of the legislature.

1 Except as provided in section 6 (5) herein the principle
2 of the local impact and educational trust fund shall be
3 dedicated to education and forever remain inviolate and
4 sacred to this purpose as provided in sections 3 and 10 of
5 this Article X of the Montana constitution.

6 Section 12. Section 75-6916, R.C.M. 1947, is amended
7 to read as follows:

8 "75-6916. Definition of and revenue for state equalization
9 aid. The following shall be paid into the earmarked revenue
10 fund, for state equalization aid to public schools of the
11 state:

12 (1) twenty-five percent (25%) of all moneys received
13 from the collection of income taxes under chapter 49 of
14 Title 84, R.C.M. 1947,

15 (2) twenty-five percent (25%) of all moneys received
16 from the collection of corporation license taxes under
17 chapter 15 of Title 84, R.C.M. 1947, as provided by section
18 84-1901, R.C.M. 1947,

19 (3) one-half (1/2) of the moneys received from the
20 treasurer of the United States as the state's shares of
21 oil and gas royalties under the Act of Congress of February
22 25, 1920,

23 (4) interest and income moneys described in sections
24 75-6907 and 75-6908, R.C.M. 1947,

25 (5) income from the local impact and education trust

1 fund account, and

2 (6) in addition to these revenues, the surplus revenues
3 collected by the counties for foundation program support
4 according to sections 75-6912 and 75-6913 shall be paid
5 into the same earmarked revenue fund.

6 As used in this title, the term "state equalization aid"
7 means those moneys deposited in the earmarked revenue fund
8 as required in this section plus any legislative appropriation
9 of moneys from other sources for distribution to the public
10 schools for the purpose of equalization of the foundation
11 program." "

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SENATE BILL NO. 86

INTRODUCED BY TOWE, COLBERG, WATT, REGAN, NORMAN, SEIBEL & ROMNEY

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR RESEARCH
, DEVELOPMENT AND DEMONSTRATION OF ALTERNATIVE ENERGY SOURCES AND
ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; DIRECTING
THE DEPARTMENT OF NATURAL RESOURCES TO MAKE GRANTS FROM THE FUND
 IN SUPPORT OF ALTERNATIVE ENERGY RESEARCH; PROVIDING FOR AN ALTER-
NATIVE ENERGY ADVISORY COMMITTEE, AMENDING SECTION 84-1309.1, R.C.
 M. 1947."

*There is a new R.C. M. section
 that reads as follows:*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Strike everything - Same as 87 wordings.)

Section 1. Purpose. The purposes of this act are to stimulate
~~into the~~ research, ~~development, AND DEMONSTRATION~~ of energy sources which are
 harmonious with ecological stability by virtue of being renewable,
 thereby to lessen that reliance on nonrenewable energy sources which
 conflicts with the goal of long-range ecological stability, and to
 provide for the funding and administration of such research, *provided -*

There is a new R.C. M. section that reads as follows:

Section 2. Definitions. As used in this act:

(1) "alternative renewable energy source" means a form of
 energy or matter, such as solar energy, wind energy, or methane,
 capable of being converted into forms of energy useful to mankind,
 and the technology necessary to make this conversion, when the source
 is not exhaustible in terms of this planet and when the source or the
 technology are not in general commercial use; and

(2) "person" means a natural person, corporation, partnership,
 or other business entity, association, trust, foundation, any educa-
 tional or scientific institution, or any governmental unit.

no valid

lower case

NLLC

(3) "DEPARTMENT" MEANS THE MONTANA DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION.

There is a new R.C.M. section that reads as follows:

~~(4) Demonstration money~~
Section 3. Alternative energy research DEVELOPMENT AND DEMON-
STRATION account established. There is within the earmarked revenue
fund an alternative energy research DEVELOPMENT AND DEMONSTRATION
account. Moneys are paid into this account under section 84-1309.1.
The state treasurer shall draw warrants payable from this account
upon order of the coal board.

Section 4. Section 84-1309.1, R.C.M. 1947, is amended to read
as follows:

"84-1309.1. Disposal of license taxes. License taxes collected
under the provisions of this chapter or severance taxes collected under such statutes as
are allocated as follows: *may be enacted in 1975*

(1) To the county general fund from which coal was mined three
cents (3¢) per ton.

(2) Five percent (5%) of total collections per year to the
earmarked revenue fund, to the credit of the alternative energy

research DEVELOPMENT AND DEMONSTRATION account

~~(2) (3) All other revenues from license taxes collected under~~
the provisions of this chapter shall be deposited to the credit of
the general fund of the state."

~~Section 5.---Coal-board-established---composition---(1)---There~~
~~is-a-coal-board-composed-of-seven-(7)-members.~~

~~(2) The-coal-board-is-allocated-to-the-office-of-the-lieutenant~~
~~governor-for-administrative-purposes-only-as-prescribed-in-section~~
~~82A-108.~~

~~(3) The-members-of-the-coal-board-are-selected-as-follows:~~

~~(a) the-board-of-health-and-environmental-sciences-shall-designate-two-(2)-of-its-members.~~

~~(b) the board of natural resources and conservation shall designate two (2) of its members;~~

~~(c) the board of land commissioners shall designate one (1) of its members; and~~

~~(d) the board of public education shall designate two (2) of its members.~~

~~Each person designated serves on the coal board at the pleasure of his designating board while he is a member of the designating board.~~

~~Section 6.---Chairman---meetings---compensation---(1)---The board shall elect a chairman from among its members.~~

~~(2)---The board shall meet quarterly and may meet at other times as called by the chairman or a majority of the members.~~

~~(3) Members are entitled to compensation as provided for in section 82A-112-(7).~~

There is a new R.C.M. section that reads as follows:

Section ~~5. Coal board~~ DEPARTMENT -- general powers. The board DEPARTMENT may:

(1) employ ~~a full-time administrator and a secretary and hire suitable office facilities~~ A STAFF ADEQUATE TO ADMINISTER THIS ACT;

(2) retain professional consultants and advisors;

(3) adopt rules governing ~~its proceedings~~ APPLICATIONS AND GRANTING OF FUNDS;

~~(4) consider applications for grants and award grants, subject to the availability of funds, from the alternative energy research DEVELOPMENT AND DEMONSTRATION funds for research projects that will further the purposes of this act;~~
and to the appropriation of such funds by the legislature

(5) APPOINT AN ALTERNATIVE ENERGY ADVISORY COMMITTEE COMPOSED OF REPRESENTATIVES OF STATE AGENCIES AND CITIZEN MEMBERS WITH EXPERTISE IN ALTERNATIVE ENERGY MATTERS. THE APPOINTMENT OF ANY

1 SUCH ADVISORY COMMITTEE SHALL BE IN KEEPING WITH SECTION 82A-110.

This is a new R.C.M. section that reads as follows:

2 Section ~~6~~ ^{6.1} Applications for grants. Any person may apply
3 for a grant to enable him to ~~investigate-the-development-of~~ RESEARCH,
4 DEVELOP OR DEMONSTRATE alternative renewable energy sources. The
5 ~~coal-board~~ DEPARTMENT shall prescribe the form for applications.
6 Applicants shall describe the nature of their proposed investigations,
7 including practical applications of the possible results and time
8 requirements. *This is a new R.C.M. section that reads as follows:*

9 Section ~~7~~ ^{7.1} Criteria for grant awards. The ~~coal-board~~
10 DEPARTMENT may award grants to applicants under section ~~6~~ ⁶ of
11 this act in accordance with the following criteria:

12 (1) A grant may cover a period not exceeding one (1) year,
13 and the ~~board~~ DEPARTMENT may not commit itself to spending funds
14 anticipated to be available more than one year after the grant
15 period begins. The ~~board~~ DEPARTMENT may give an applicant a state-
16 ment of intent to renew its support of his work, subject to the
17 availability of funds and such other conditions as the ~~board~~
18 DEPARTMENT may express.

19 (2) The ~~board~~ DEPARTMENT may give preference to investigations
20 PROJECTS which are also supported by grants from the federal govern-
21 ment or other persons provided the grants are consistent with the
22 other objectives of the board. The purpose of this preference is
23 to use the alternative energy research DEVELOPMENT AND DEMONSTRATION
24 account for matching moneys in order to support more substantial
25 research.

26 (3) The ~~board~~ DEPARTMENT may give preference to research centers
27 unattached to existing educational institutions where several in-
28 vestigators can share supporting services.

Attached version 2 amended

1 (4) The board DEPARTMENT may give preference to research
2 centers which make information available to individuals, small
3 businesses, and small communities seeking the use of renewable energy
4 sources in their homes, plants, places of business, and small comm-
5 unities.

6 (5) All information resulting from such research shall be made
7 available to the public and shall not become the private property
8 of or under the exclusive control of any one (1) company or person.

9 (6) THE DEPARTMENT IS UNDER NO REQUIREMENT TO EXPEND OR COMMIT
10 AVAILABLE ALTERNATIVE ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION
11 FUNDS WHEN IN ITS JUDGEMENT SUCH EXPENDITURES OR COMMITMENTS WOULD
12 BE UNPRODUCTIVE.

NUC

SB 86

We, your committee on Taxation, having had under ---

Amend the title, page 1, line 5

following: "RESEARCH"

Strike: "INTO"

insert: ", DEVELOPMENT AND

DEMONSTRATION OF "

Amend the title, page 1, lines 6 and 7

following: "FUND;"

Strike: "ESTABLISHING A BOARD"

insert: "DIRECTING THE DEPARTMENT

OF NATURAL RESOURCES AND CONSERVATION

Amend the title, page 1, line 8

following: "RESEARCH"

insert: "PROVIDING FOR AN ALTERNATIVE

ENERGY ADVISORY COMMITTEE;"

Amend the ~~bill~~ ^{bill}, pages 1 through 5, line 11
line 11, ~~by~~ striking everything after the
enacting clause and inserting in lieu
thereof the ~~following~~ ^{attached} material.

We, your committee on Taxation
having had under consideration SB 87

etc.

Amend the title, p. 1, line 5
following: "GOVERNMENTS"
Strike: "SOCIALLY"
insert: "AND HIGHWAY SYSTEMS"

Amend the bill, p. 1, ~~line~~^{through}
~~to beginning of~~ line 13, by striking
everything after the enacting clause and
inserting in lieu thereof the attached
material.

And as amended, do pass

SB 86

(4) "demonstration", with reference to a facility, means a facility which may produce electricity, heat energy, or energy by-products, but which may not be used to commercially market ~~or~~ ~~distribute~~ such energy.

proposed ammendment SB-86
Section 7 (3)

delete + substitute

(3) The board may award grants to research centers attached to existing educational institutions or any person, or group independent of existing educational institutions

(or)

(3) However, this shall not be interpreted to prohibit ~~research centers~~ the ^{dept.} board from awarding grants to existing educational institutions.

Version 2
p. 4
line 28

§ B 86

(4) "demonstration", with reference to a facility, means a facility which may produce electricity, heat energy, or energy by-products, but which may not be used to commercially market ~~or~~ ~~distribute~~ such energy.

Alternative

(at the end of the statement of purpose:) provided, that demonstration or development projects funded under this act may not be used to commercially market ~~or~~ ~~distribute~~ electricity, heat energy, or energy by-products

AMENDMENTS TO SB 87
(Introduced Bill)

by Manning

Amend the title, page 1, line 5.

Following: "GOVERNMENTS"

Insert: "AND HIGHWAY SYSTEMS"

Amend the bill, page 1, Section 1, line 18.

Following: "complexes,"

Insert: "to assist in the construction and reconstruction of designated portions of highways which serve the area affected by such large scale development,"

Amend the bill, page 1, Section 2, line 1.

Following: "account"

Insert: "and a coal area highway improvement account"

Amend the bill, page 1, Section 3, line 11.

Following: "(2)"

Strike: "Forty percent (40%)"

Insert: "Thirty percent (30%); until July 1, 1979, and then 40%"

Amend the bill, page 1, Section 3, line 14.

Following: "(3)"

Insert: "For each of the four (4) fiscal years following the effective date of this act ten percent (10%) of total collections per year to the earmarked revenue fund to the credit of the coal area highway improvement account,"

Renumber: Subsection (3) as subsection (4)

Amend the bill, page 1, Section 4, line 17, by inserting a new Section 4 which reads as follows:

"Section 4. Coal area highway reconstruction program.

(1) There is appropriated to the department of highways for each of the four (4) fiscal years following the effective date of this act all the funds in the coal area highway improvement account for carrying out the programs authorized by this section.

(2) The department of highways, within the area designated as the Eastern Montana Coal Field Economic Growth Center as certified to the Secretary of Transportation by the governor under section 143, Title 23, United States Code, shall prepare a special construction program for the reconstruction of deficient sections of these highways;

(3) The department of highways shall expedite the planning and reconstruction program for projects on the designated portions within this area by using funds allocated under this subsection and any federal funds that may be made available to match such funds; until federal funds are made available to match the funds allocated under this subsection the department of highways may, upon approval of the Montana state highway commission, expend such funds for planning and reconstruction projects;

Amendments to SB 87

Page 2

apportionments

(4) Funds allocated under this subsection shall not be used to match apportionments made for primary and secondary highways under the Federal Aid Highway Acts; however, nothing in this subsection should be construed to prohibit the implementation of projects otherwise funded by apportionments made under the Federal Aid Highway Acts; furthermore, planning and reconstruction projects may be financed in whole or in part by public and private funds provided such projects conform to the applicable standards, regulations and procedures of the Department of Highways and the Federal Highway Administration.

And renumber following sections to conform numerically.

1 SENATE BILL NO. 87
2 INTRODUCED BY TOWE, WATT, REGAN, NORMAN, SEIBEL, ROMNEY, COLBERG

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR ASSISTING
5 LOCAL GOVERNMENTS AND HIGHWAY SYSTEMS ^{SOCIALLY} IMPACTED BY COAL DEVELOPMENT
6 AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT THE STATE;
7 ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ESTABLISHING
8 A BOARD TO MAKE GRANTS FROM THE FUND TO LOCAL GOVERNMENTS; AMENDING
9 SECTIONS 75-6916 AND 84-1309.1, R.C.M. 1947."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12 (Strike everything after the enacting clause and insert:)

13 Section 1. There is a new R.C.M. section that reads as follows:

14 Purpose. The purposes of this act are to assist local govern-
15 mental units which have been required to expand the provision of
16 public services as a consequence of large-scale development of
17 coal mines and coal-using energy complexes, to assist in the
18 construction and reconstruction of designated portions of high-
19 ways which serve the area affected by such large scale development,
20 and to invest a portion of the tax revenue from coal mines in a
21 permanent fund, the income from which shall be used for the support
22 of public schools throughout the state.

7
1 23 Section 2. There is a new R.C.M. section that reads as follows:

24 ~~§~~ Local impact and education trust fund account and coal
25 area highway improvement account established. ⁽¹⁾ There is within the

1 earmarked revenue fund a local impact and education trust fund
2 account. Moneys are payable into this account under section
3 84-1309.1. The state treasurer shall draw warrants from this
4 account upon order of the coal board.

5 (2) There is within the earmarked revenue fund a coal
6 area highway improvement account.

7 Section 3. Section 84-1309.1, R.C.M. 1947, is amended to
8 read as follows:

9 "84-1309.1. Disposal of license or severance taxes.
10 License or severance taxes collected under the provisions of
11 this chapter or such sections as may enact a severance tax
12 on coal in 1975 are allocated as follows: (1) To the county
13 general-fund for such purposes as the governing body of that
14 county may determine from which coal was mined three cents (3¢)
15 per ton; provided, however, for each calendar year prior to
16 January 1, 1980, this amount shall be three cents (3¢) per ton
17 or five percent (5%) of the contract sale price of the coal
18 mined in that county, whichever is higher.

19 (2) Thirty percent (30%) of total collections per year,
20 until July 1, 1979, and thereafter forty percent (40%), to the
21 earmarked revenue fund to the credit of the local impact and
22 education trust fund account.

23 (3) For each of the four (4) fiscal years following the
24 effective date of this act ten percent (10%) of total collections
25 per year to the earmarked revenue fund to the credit of the

1 coal area highway improvement account.

2 (4) All other revenues from license taxes collected under
3 the provisions of this chapter shall be deposited to the credit of
4 the general fund of the state.

5 There is a new R.C.M. section that reads as follows:

6 Section 4. Coal area highway reconstruction program.

7 (1) There is appropriated to the department of highways for each
8 of the four (4) fiscal years following the effective date of this
9 act all the funds in the coal area highway improvement account
10 for carrying out the programs authorized by this section.

11 (2) The department of highways, within the area designated
12 as the Eastern Montana Coal Field Economic Growth Center as
13 certified to the Secretary of Transportation by the governor under
14 section 143, Title 23, United States Code, shall prepare a special
15 construction program for the reconstruction of deficient sections
16 of these highways.

17 (3) The department of highways shall expedite the planning
18 and reconstruction program for projects on the designated portions
19 within this area by using funds allocated under this subsection
20 and any federal funds that may be made available to match such
21 funds; until federal funds are made available to match the funds
22 allocated under this subsection the department of highways may,
23 upon approval of the Montana state highway commission, expend
24 such funds for planning and reconstruction projects.

25 (4) Funds allocated under this subsection shall not be used

1 to match apportionments made for primary and secondary highways
 2 under the Federal Aid Highway Acts; however, nothing in this
 3 subsection should be construed to prohibit the implementation
 4 of projects otherwise funded by apportionments made under the
 5 Federal Aid Highway Acts; furthermore, planning and reconstruc-
 6 tion projects may be financed in whole or in part by public and
 7 private funds provided such projects conform to the applicable
 8 standards, regulations and procedures of the Department of
 9 Highways and the Federal Highway Administration.

10 Section 5. There is a new R.C.M. section that reads as follow

11 Coal board established -- composition. (1) There is a coal
 12 board composed of ten (10) members.

13 (2) The coal board is allocated to the department of inter-
 14 governmental relations for administrative purposes only as
 15 prescribed in section 82A-108.

16 (3) The members of the coal board are selected as follows:

17 (a) Four (4) local government elected officials from coal
 18 impacted areas shall be appointed by the governor from a list
 19 of eight (8) persons, four (4) of which are recommended by the
 20 Montana Association of Counties or its successor organization
 21 and four (4) of which are recommended by the Montana League
 22 of Cities and Towns;

23 (b) The governor shall designate one (1) member from the
 24 Department of Intergovernmental Relations;

25 (c) The governor shall designate one (1) member from the

1 ~~Department of Social and Rehabilitation Services;~~

2 (d) the board of health and environmental sciences
3 shall designate one (1) member;

4 (e) the board of natural resources and conservation shall
5 designate one (1) member;

6 (f) the board of public education shall designate one (1)
7 member;

8 (g) the board of regents shall designate one (1) member.

9 Each person designated serves on the coal board at the
10 pleasure of his designating authority while he is a member of
11 the designating board, or department or while he remains an
12 elected official for a two (2) year term.

13 Section 6. There is a new R.C.M. section that reads as
14 follows:

15 Chairman -- meetings -- compensation. (1) The board shall
16 elect a chairman from among its members.

17 (2) The board shall meet quarterly and may meet at other
18 times as called by the chairman or a majority of the members.

19 (3) Members are entitled to compensation as provided for
20 in section 82A-112(7).

21 Section 7. There is a new R.C.M. section that reads as
22 follows:

23 Coal board -- general powers. The board may:

24 (1) retain professional consultants and advisors;

25 (2) adopt rules governing its proceedings;

1 (3) consider applications for grants from the local
2 impact and education trust fund account; and

3 (4) award grants, subject to section [8 of this act],
4 not to exceed in any one year three fourths (3/4) of the
5 revenue paid into the local impact and education trust fund
6 account, to local governmental units to assist such units in
7 meeting the local impact of coal development by enabling it
8 to adequately provide governmental services and facilities
9 which are needed as a direct consequence of coal development.
10 Such grant shall be awarded on the basis of (a) need, (b) degree
11 of severity of impact from the coal development, and (c) avail-
12 ability of funds.

13 Section 8. There is a new R.C.M. section that reads as
14 follows:

15 (1) The department of intergovernmental relations shall
16 designate counties, towns, school districts and other govern-
17 mental units which have had or expect to have an increase in
18 estimated population of at least twenty percent (20%) during
19 any three (3) years since 1972 as a result of the impact of
20 coal development. The coal board shall, subject to the
21 appropriations of the legislature, award at least fifty percent
22 (50%) of all grants awarded to governmental units for meeting
23 the needs caused by coal development each year to these designated
24 governmental units.

25 (2) -Attention should be given by the coal board to the

1 need for community planning before the full impact is realized.
2 Applicants should be able to show how their request fits into
3 an all over plan for the orderly management of the existing
4 or contemplated growth problems.

5 (3) All funds placed in the local impact and educational
6 trust fund^{account} established under the act shall be subject to
7 appropriations by the legislature for use related to local
8 impact or for transfer to a permanent trust for education.

9 Section 9. There is a new R.C.M. section that reads as
10 follows:

11 The department of intergovernmental relations will provide
12 suitable office facilities and the necessary staff for the
13 coal board.

14 Section 10. There is a new R.C.M. section that reads as
15 follows:

16 Applications for grants. The governing body of a city, town,
17 county, or school district or any other governmental unit may
18 apply for a grant to enable it to provide governmental services
19 which are needed as a direct consequence of coal development.
20 The coal board shall prescribe the form for applications.
21 Applicants shall describe the nature of their proposed expenditures
22 and the time involved. The board may commit itself to the
23 expenditure of funds for more than one (1) year for a single
24 project, as long as the grant does not extend over more than
25 ten (10) years and does not exceed reasonable revenue expect-

1 ations.

2 Section 11. There is a new R.C.M. section that reads as
3 follows:

4 Disposition of interest from unexpended balance. The un-
5 expended balance in the local impact and education trust fund
6 account shall be invested as provided by statute by the state
7 board of investments. Seventy-five percent (75%) of the income
8 from such investments each year shall be paid into the earmarked
9 revenue fund, for state equalization aid to public schools of
10 the state. The remaining twenty-five percent (25%) of the
11 income from such investments each year shall be paid to the
12 board of regents of higher education for use by the institutions
13 of higher learning in the state of Montana subject to the
14 budgeting authority of the legislature. Except as provided in
15 section 6 (5) herein the principle of the local impact and
16 educational trust fund shall be dedicated to education and
17 forever remain inviolate and sacred to this purpose as provided
18 in sections 3 and 10 of this article X of the Montana consti-
19 tution.

20 Section 12. Section 75-6916, R.C.M. 1947, is amended to
21 read as follows:

22 " 75-6916. Definition of and revenue for state equalization
23 aid. The following shall be paid into the earmarked revenue
24 fund, for state equalization aid to public schools of the state:

25 (1) twenty-five percent (25%) of all moneys received from

1 the collection of income taxes under chapter 49 of Title 84,
2 R.C.M. 1947,

3 (2) twenty-five percent (25%) of all moneys received from
4 the collection of corporation license taxes under chapter 15
5 of Title 84, R.C.M. 1947, as provided by section 84-1901,
6 R.C.M. 1947,

7 (3) one-half (1/2) of the moneys received from the
8 treasurer of the United States as the state's shares of oil and
9 gas royalties under th Act of Congress of February 25, 1920,

10 (4) interest and income moneys described in sections 75-6907
11 and 75-6908, R.C.M. 1947,

12 (5) income from the local impact and education trust fund
13 account, and

14 (6) in addition to these revenues, the surplus revenues
15 collected by the counties for foundation program support
16 according to sections 75-6912 and 75-6913 shall be paid into
17 the same earmarked revenue fund.

18 As used in this Title, the term "state equalization aid"
19 means those moneys deposited in the earmarked revenue fund as
20 required in this section plus any legislative appropriation of
21 moneys from other sources for distribution to the public schools
22 for the purpose of equalization of the foundation program."

23

24

25

3-1081

1 SENATE BILL NO. 87

2 INTRODUCED BY TOWE, WATT, REGAN, NORMAN, SEIBEL, ROMNEY, COLBERG

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR ASSISTING
5 LOCAL GOVERNMENTS ~~AND~~ ^{SOCIALLY} ~~HIGHWAY SYSTEMS~~ IMPACTED BY COAL DEVELOPMENT
6 AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT THE STATE;
7 ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ESTABLISHING
8 A BOARD TO MAKE GRANTS FROM THE FUND TO LOCAL GOVERNMENTS; AMENDING
9 SECTIONS 75-6916 AND 84-1309.1, R.C.M. 1947."

10

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12 (Strike everything after the enacting clause and insert:)

12

13 Section 1. There is a new R.C.M. section that reads as follows:

14 Purpose. The purposes of this act are to assist local govern-
15 mental units which have been required to expand the provision of
16 public services as a consequence of large-scale development of
17 coal mines and coal-using energy complexes, to assist in the
18 construction and reconstruction of designated portions of high-
19 ways which serve the area affected by such large scale development,
20 and to invest a portion of the tax revenue from coal mines in a
21 permanent fund, the income from which shall be used for the support
22 of public schools throughout the state.

23 Section 2. There is a new R.C.M. section that reads as follows:

24 ~~41~~ Local impact and education trust fund account and coal
25 area highway improvement account established.(1)There is within the

1 earmarked revenue fund a local impact and education trust fund
2 account. Moneys are payable into this account under section
3 84-1309.1. The state treasurer shall draw warrants from this
4 account upon order of the coal board.

5 (2) There is within the earmarked revenue fund a coal
6 area highway improvement account.

7 Section 3. Section 84-1309.1, R.C.M. 1947, is amended to
8 read as follows:

9 "84-1309.1. Disposal of license or severance taxes.
10 License or severance taxes collected under the provisions of
11 this chapter or such sections as may enact a severance tax
12 on coal in 1975 are allocated as follows: (1) To the county
13 general-fund for such purposes as the governing body of that
14 county may determine from which coal was mined three cents (3¢)
15 per ton; provided, however, for each calendar year prior to
16 January 1, 1980, this amount shall be three cents (3¢) per ton
17 or five percent (5%) of the contract sale price of the coal
18 mined in that county, whichever is higher.

19 (2) Thirty percent (30%) of total collections per year,
20 until July 1, 1979, and thereafter forty percent (40%), to the
21 earmarked revenue fund to the credit of the local impact and
22 education trust fund account.

23 (3) For each of the four (4) fiscal years following the
24 effective date of this act ten percent (10%) of total collections
25 per year to the earmarked revenue fund to the credit of the

1 coal area highway improvement account.

2 (4) All other revenues from license taxes collected under
3 the provisions of this chapter shall be deposited to the credit of
4 the general fund of the state.

5 There is a new R.C.M. section that reads as follows:

6 Section 4. Coal area highway reconstruction program.

7 (1) There is appropriated to the department of highways for each
8 of the four (4) fiscal years following the effective date of this
9 act all the funds in the coal area highway improvement account
10 for carrying out the programs authorized by this section.

11 (2) The department of highways, within the area designated
12 as the Eastern Montana Coal Field Economic Growth Center as
13 certified to the Secretary of Transportation by the governor under
14 section 143, Title 23, United States Code, shall prepare a special
15 construction program for the reconstruction of deficient sections
16 of these highways.

17 (3) The department of highways shall expedite the planning
18 and reconstruction program for projects on the designated portions
19 within this area by using funds allocated under this subsection
20 and any federal funds that may be made available to match such
21 funds; until federal funds are made available to match the funds
22 allocated under this subsection the department of highways may,
23 upon approval of the Montana state highway commission, expend
24 such funds for planning and reconstruction projects.

25 (4) Funds allocated under this subsection shall not be used

1 to match apportionments made for primary and secondary highways
2 under the Federal Aid Highway Acts; however, nothing in this
3 subsection should be construed to prohibit the implementation
4 of projects otherwise funded by apportionments made under the
5 Federal Aid Highway Acts; furthermore, planning and reconstruc-
6 tion projects may be financed in whole or in part by public and
7 private funds provided such projects conform to the applicable
8 standards, regulations and procedures of the Department of
9 Highways and the Federal Highway Administration.

10 Section 5. There is a new R.C.M. section that reads as follows

11 Coal board established -- composition. (1) There is a coal
12 board composed of ten (10) members.

13 (2) The coal board is allocated to the department of inter-
14 governmental relations for administrative purposes only as
15 prescribed in section 82A-108.

16 (3) The members of the coal board are selected as follows:

17 (a) Four (4) local government elected officials from coal
18 impacted areas shall be appointed by the governor from a list
19 of eight (8) persons, four (4) of which are recommended by the
20 Montana Association of Counties or its successor organization
21 and four (4) of which are recommended by the Montana League
22 of Cities and Towns;

23 (b) The governor shall designate one (1) member from the
24 Department of Intergovernmental Relations;

25 (c) The governor shall designate one (1) member from the

1 ~~Department of Social and Rehabilitation Services;~~

2 (d) the board of health and environmental sciences
3 shall designate one (1) member;

4 (e) the board of natural resources and conservation shall
5 designate one (1) member;

6 (f) the board of public education shall designate one (1)
7 member;

8 (g) the board of regents shall designate one (1) member.

9 Each person designated serves on the coal board at the
10 pleasure of his designating authority while he is a member of
11 the designating board, or department or while he remains an
12 elected official for a two (2) year term.

13 Section 6. There is a new R.C.M. section that reads as
14 follows:

15 Chairman -- meetings -- compensation. (1) The board shall
16 elect a chairman from among its members.

17 (2) The board shall meet quarterly and may meet at other
18 times as called by the chairman or a majority of the members.

19 (3) Members are entitled to compensation as provided for
20 in section 82A-112(7).

21 Section 7. There is a new R.C.M. section that reads as
22 follows:

23 Coal board -- general powers. The board may:

24 (1) retain professional consultants and advisors;

25 (2) adopt rules governing its proceedings;

1 (3) consider applications for grants from the local
2 impact and education trust fund account; and

3 (4) award grants, subject to section [8 of this act],
4 not to exceed in any one year three fourths (3/4) of the
5 revenue paid into the local impact and education trust fund
6 account, to local governmental units to assist such units in
7 meeting the local impact of coal development by enabling it
8 to adequately provide governmental services and facilities
9 which are needed as a direct consequence of coal development.
10 Such grant shall be awarded on the basis of (a) need, (b) degree
11 of severity of impact from the coal development, and (c) avail-
12 ability of funds.

13 Section 8. There is a new R.C.M. section that reads as
14 follows:

15 (1) The department of intergovernmental relations shall
16 designate counties, towns, school districts and other govern-
17 mental units which have had or expect to have an increase in
18 estimated population of at least twenty percent (20%) during
19 any three (3) years since 1972 as a result of the impact of
20 coal development. The coal board shall, subject to the
21 appropriations of the legislature, award at least fifty percent
22 (50%) of all grants awarded to governmental units for meeting
23 the needs caused by coal development each year to these designated
24 governmental units.

25 (2) Attention should be given by the coal board to the

1 need for community planning before the full impact is realized.
2 Applicants should be able to show how their request fits into
3 an all over plan for the orderly management of the existing
4 or contemplated growth problems.

5 (3) All funds placed in the local impact and educational
6 trust fund^{account} established under the act shall be subject to
7 appropriations by the legislature for use related to local
8 impact or for transfer to a permanent trust for education.

9 Section 9. There is a new R.C.M. section that reads as
10 follows:

11 The department of intergovernmental relations will provide
12 suitable office facilities and the necessary staff for the
13 coal board.

14 Section 10. There is a new R.C.M. section that reads as
15 follows:

16 Applications for grants. The governing body of a city, town,
17 county, or school district or any other governmental unit may
18 apply for a grant to enable it to provide governmental services
19 which are needed as a direct consequence of coal development.

20 The coal board shall prescribe the form for applications.

21 Applicants shall describe the nature of their proposed expenditures

22 and the time involved. The board may commit itself to the

23 expenditure of funds for more than one (1) year for a single

24 project, as long as the grant does not extend over more than

25 ten (10) years and does not exceed reasonable revenue expect-

1 ations.

2 Section 11. There is a new R.C.M. section that reads as
3 follows:

4 Disposition of interest from unexpended balance. The un-
5 expended balance in the local impact and education trust fund
6 account shall be invested as provided by statute by the state
7 board of investments. Seventy-five percent (75%) of the income
8 from such investments each year shall be paid into the earmarked
9 revenue fund, for state equalization aid to public schools of
10 the state. The remaining twenty-five percent (25%) of the
11 income from such investments each year shall be paid to the
12 board of regents of higher education for use by the institutions
13 of higher learning in the state of Montana subject to the
14 budgeting authority of the legislature. Except as provided in
15 section 6 (5) herein the principle of the local impact and
16 educational trust fund shall be dedicated to education and
17 forever remain inviolate and sacred to this purpose as provided
18 in sections 3 and 10 of this article X of the Montana consti-
19 tution.

20 Section 12. Section 75-6916, R.C.M. 1947, is amended to
21 read as follows:

22 75-6916. Definition of and revenue for state equalization
23 aid. The following shall be paid into the earmarked revenue
24 fund, for state equalization aid to public schools of the state:

25 (1) twenty-five percent (25%) of all moneys received from

1 the collection of income taxes under chapter 49 of Title 84,
2 R.C.M. 1947,

3 (2) twenty-five percent (25%) of all moneys received from
4 the collection of corporation license taxes under chapter 15
5 of Title 84, R.C.M. 1947, as provided by section 84-1901,
6 R.C.M. 1947,

7 (3) one-half (1/2) of the moneys received from the
8 treasurer of the United States as the state's shares of oil and
9 gas royalties under th Act of Congress of February 25, 1920,

10 (4) interest and income moneys described in sections 75-6907
11 and 75-6908, R.C.M. 1947,

12 (5) income from the local impact and education trust fund
13 account, and

14 (6) in addition to these revenues, the surplus revenues
15 collected by the counties for foundation program support
16 according to sections 75-6912 and 75-6913 shall be paid into
17 the same earmarked revenue fund.

18 As used in this Title, the term "state equalization aid"
19 means those moneys deposited in the earmarked revenue fund as
20 required in this section plus any legislative appropriation of
21 moneys from other sources for distribution to the public schools
22 for the purpose of equalization of the foundation program.

23

24

25

TAXATION COMMITTEE

March 12, 1975

The committee was called to order by Rep. Dan Yardley, Chairman at 8:00 a.m. in room #108, Capitol Building, Helena. All members were present. Senate Bills 86, 87, and 144 were scheduled to be heard.

SENATE BILL 86 Senator Thomas E. Towe, District 34, Yellowstone County, chief sponsor of Senate Bill 87, explained this bill allocates the 25% severance tax revenue from coal derived under Senate Bill 13. Three cents per ton or 5% of the contract sales price, whichever is higher, is allocated to the county from which the coal is mined to meet impact costs as determined by the local governing body. This sum is expected to be approximately \$3,100,000 for the biennium.

Thirty percent is allocated to the local impact and education trust fund account until July 1, 1979, and thereafter 40% will go to this account.

Ten percent will go to an earmarked fund to the credit of the coal area highway improvement account for four years. All other revenues from license taxes will go to the general fund of the state. Funds allocated to the highway area reconstruction fund are to go for locally impacted roads in the coal area and not for primary and secondary highways.

A coal board consisting of ten members is set up as explained in section 5 of SB 87, whose duties and powers are set forth in section 7. The board can make grants up to three-fourths of the revenue paid into the local impact and education trust fund account to local governmental units to assist in meeting local impact requirements caused by local coal development. Over \$14,000,000 would be available for grant in the biennium.

Areas with at least 20% (to be amended to 10% maybe) increase in population would be designated as impact areas and could receive half of all grants awarded to local governmental units for meeting needs. Funds not expended from this fund plus one-quarter of funds generated will go into a permanent trust fund for education.

The coal board can make a commitment for up to ten years so long as it is consistent with reasonable revenue expectations. An estimated \$18,975,000 would be collected in the biennium, and three-fourths of that would be \$14,200,000 immediately available for impact relief, with one-fourth going into the education trust fund, which amount would be around \$4,743,750, using figures of the 25% tax in SB 13 which has no tax deductions. Ten percent for highways would

be \$6,325,000; 5% for counties would be \$3,162,500; 5% alternative energy research account, \$3,162,500; and the balance would go to the general fund in the amount of about \$31,625,000, which is more than the present amount that is allocated in the Governor's budget, which shows \$18,500,000, by an additional \$13,125,000 even after allocating 50% to special accounts.

We need the money. Roads need \$52,000,000 now for roads in that area because of more traffic. The city planner in Forsyth has estimated they need \$13,000,000 (see letter attached) now to take care of sewer, water, street improvement, etc. The city has gone from a population of 200 to nearly 2000 people almost overnight. The mill levy has increased in the last three years 41.58%. Senate Bill 87 will alleviate these problems.

The advantage of this system is flexibility. Application by whatever is affected can be made to the coal board and they will determine the severity of impact and need, and decide where the money should go. Any town which can show an impact caused by coal development would be eligible for funds. If not all the money is necessary, it automatically goes to increase the educational trust fund which benefits all Montanans.

Senator Towe introduced Senator Manning, who is the author of the amendment that went into this bill to give to the highway department certain moneys outside of the coal board. The impact doesn't stop at a given line and some adjustment has to be made to wherever the impact is caused. Senator Manning explained the brochure he gave to the committee, copy of which is attached.

Montana is one of three states that is not energy deficient. Taxes on all other products are passed through and Senator Manning thinks a tax to take care of the front-end impact is just and good.

Mr. Wallace Edland, representing the Montana School Board Association, Helena, is in support of Senate Bill 87; however, they are concerned about the make-up of the coal board and offered an amendment: 1. Amend page 5, section 5, following subsection (g) on line 22, insert a new subsection (h) as follows: "(h) A member of a board of trustees of a school district in a coal impact area shall be appointed by the governor from a list of four persons recommended by the Montana School Boards Association." Mr. Towe advised several other educators had testified at the senate hearing on SB 87 in support.

Ms. Dorothy Eck, Helena, State Local Coordinator, was at first very much in favor of the tax on coal mined in Montana, but after looking at some figures of costs experienced in growth areas, she is wondering if the tax is high enough. It would cost local government about \$95,960,000 to accomodate about 30,000 people by 1985. Some of the biggest costs are for roads, sewage treatment

plants, water systems (because of depth and poor quality water), schools, etc. If all of the money went into providing for 30,000 people, you are still talking about one-quarter of needs. This doesn't include costs of private enterprise if they can be brought in. Western Energy has provided many of the basic requirements it has caused to be necessary. There is no doubt this impact fund for local government is absolutely needed, but it still won't meet the need completely, but will provide a start. Senator Manning's letter requested Senator Mansfield's aid in getting some governmental assistance along these lines. (See letter) What the state can do is going to be about all that will be done except for what the local government can do, since this is not an impact caused by defense purposes.

Mr. Robert Mogen, Rosebud county commissioner, feels that the flexibility of this law is important. Predictability of needs is nearly impossible.

Mr. Mike Pichette, Helena, representing the Democratic Party, advises that the Party does not want just the coal tax to just balance the budget, they want coal as a resource which should provide (1) benefits to minimize the impact of taking the coal, and (2) benefits to aid Montana in future years.

Mr. Kit Muller, Northern Plains Resource Council, Billings, supports SB 87, because it makes funds available for local government front-end impact; makes funds available in such a manner that local government has flexibility in use of money; and it makes funds available in such a manner that it at least shows some justification for the disadvantages caused by coal mining.

Mr. Don Patterson, Helena, speaking for himself as a researcher working on the impact of coal development, is concerned in reality, not just with the short-term impacts of one plant, but of the long-term of "boom and bust" development. The federal policymakers are pursuing the idea that communities want development and can handle costs, but we are finding that this cannot be done because of the enormous social problems arising when a whole new group comes in and upsets normal systems. We cannot wait for the kind of responsive need that is embodied in this bill.

There were no opponents.

SENATE BILL 86 Senator Thomas E. Towe, chief sponsor says SB 86 fits in because it takes care of part of the funds raised by SB 13 and allocated in SB 87. There is a proposed amendment by the department of intergovernmental relations; 1. amend page 4, section 5, of third reading copy of SB 86, following subsection (4), insert a new subsection, and renumber subsequent subsection: "(5) employ funds from the alternative energy research development and demonstration account to administer the grants program established by this act but may not expend funds from this account to establish an internal research, development, or demonstration program."

Sen. Towe suggested that it may be better to change back to the Board of Natural Resources and Conservation for administration and show this in the title and on page 2, section 1 (3), line 19. He explained about other than fossil fuels need, and stated we should set aside some measure for the future for when coal resources are gone. Federal grants have been made for energy research on coal, petroleum and natural gas, nuclear fuel, nuclear fission, geo-thermal, but very little has been devoted to wind, solar, solid waste energy research. Some private companies have donated funds for research, but less than 1/2 of 1% goes for any research into other than fossil fuels and nuclear research studies. Montana has plenty of wind and sunshine, has geo-thermal energy, and a number of feed lots which are a potential for natural gas; and we now are to have coal revenue, so Montana should set some money aside for renewable energy research. He explained section 7 outlining grants. He would like to see a center established where people could go to get information on solar and wind heating and cooling for their buildings. MHD increases the efficiency of coal conversion into electricity about 50%.

Mr. Ray Woodriff, Helena, partially retired professor from the University, is very much in favor of SB 86. The Canadians are going to stop exporting gas to the U.S. by 1980 as they are saving it for their own use. The same is true of coal, and it will be burned up very rapidly. It may be that coal burned for energy is being wasted because of its other valuable potentials not yet understood, and for these reasons he feels it is very important that research on coal be done. We owe it to future generations to do this research.

Ms. Sarah Bowler, Bozeman, was speaking for 100 ordinary citizens like herself. Of those she talked to no one was against a tax on coal, and they were in favor of setting aside some of the coal revenue for research to ensure energy for the future. Most people are not usually in favor of more taxes, but these people hope the committee will pass senate bills 13, 86, 87.

Mr. Bruce Nelson, Montana Student Lobbyist for the higher education schools in Montana, firmly supports these bills. While it may be a short range solution, coal will be gone and unless replaced the needs of Montanans will still remain. Revenue from coal production should go into research. Studies on coal should be made. Private enterprise will not use funds for research while they are doing alright financially with present fossil fuels. Strongly urge favorable consideration of SB 86. There is tremendous undercurrent indicating instability in the fuel situation, and a study has been made as to what could be done in smaller communities to solve energy problems. Studies could be further conducted along this line.

Mr. James Fairley, self-employed weaver, Boulder, feels that SB 86 is complimentary to HB 663 in that it also provides for conservation of energy. See his statement attached.

There were no opponents.



SENATE MEMBERS

CARROLL GRAHAM
CHAIRMAN

GLEN L. DRAKE

FRANK HAZELBAKER

NEIL J. LYNCH

MRS. ROSE WEBER
EXECUTIVE DIRECTORMRS. PAMELA DUENSING
ADMINISTRATIVE ASSISTANT

Montana Legislative Council

State Capitol

Helena 59601

March 10, 1975

HOUSE MEMBERS

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VICE CHAIRMAN

FRANCIS BARDANOUVE

HAROLD GERKE

ROBERT MARKS

MRS. DIANA DOWLING
DIRECTOR, LEGAL SERVICES
AND RESEARCHMRS. ROBERTA MOODY
SUPERVISOR, ALTER SYSTEM

TO: Senator Thomas E. Towe

FROM: Roger Tippy, Staff Attorney

RE: Disposition of coal tax revenue

The present code section for this purpose is 84-1309.1. This section would be repealed by SB 13 and HB 115 (titles, page 1, lines 12 and 11, respectively, and bills, page 20, lines 20 and 13 respectively), and new R.C.M. sections added to replace it. 84-1309.1 is amended, however, in SB 86 (Sec. 4, p. 3), and SB 87 (Sec. 3, pp.2-3). This situation arose because of procedural problems involved in writing a revenue-distribution formula into bills such as 86 and 87 which were not in themselves revenue-generating.

As soon as it appears that 86 and 87 may pass the House, I would recommend that the problem be handled as follows: strike the repeal of 1309.1 from the revenue-generating bill (whether it is 13 or 115), and change it to amending and renumbering the section. For instance:

"Section 7. Section 84-1309.1, R.C.M. 1947, is renumbered 84-1319, and is amended to read as follows:

~~84-1309.1~~ 84-1319. Disposal of license or severance taxes. License or severance taxes collected under the provisions of this chapter or such sections as may enact a severance tax on coal in 1975 are allocated as follows:

(1) To the county general fund for such purposes as the governing body of that county may determine from which coal was mined three cents (3¢) per ton; provided, however, for each calendar year prior to January 1, 1980, this amount shall be three cents (3¢) per ton or five percent (5%) of the contract sale price of the coal mined in that county, whichever is higher.

(2) To the earmarked revenue fund, such portions of the severance tax as may be authorized by laws enacted in 1975.

~~(2)~~ (3) All other revenues from license or severance taxes collected under the provisions of this chapter shall be deposited to the credit of the general fund of the state."

Senator Thomas E. Towe

March 10, 1975

Page 2

Then, when the composite section is assembled, paragraph (2) above would be replaced with specific allocations to the local impact and education trust fund account, the coal area highway improvement account, the alternative energy research account, and such other designations as pending bills (e.g. HB 692) might make.

The form of the amendment as applied to SB 13, would be:

Amend the title, page 1, line 11

Following: "84-302,"

Insert: "84-1309.1,"

Amend the title, page 1, line 12

Following: "84-1309,"

Strike: "84-1309.1,"

Amend page 7, Section 7, lines 3 through 7

Following: "Section 7."

Strike: remainder of Section 7

Insert: (above material)

Amend page 20, Section 17, line 13

Following: "84-1309,"

Strike: "84-1309.1,"

RT:dw

Robert Mogen, Rosebud Co. Commissioner

ROSEBUD COUNTY PLANNING BOARD

FORSYTH, MONTANA 59327

PH. 356-7551

December 26, 1974

Ms. Judy H. Carlson
Office of the Governor
Helena, Montana 59601

Dear Ms. Carlson:

After talking to a number of local people about some of our needs in Rosebud County, I came up with this partial list including estimated dollar figures that may satisfy financial needs.

- (1) First, in Forsyth there are a number of pressing needs now. Domestic wastewater treatment facilities are inadequate however there are plans to expand in the near future if the land can be acquired. With approximately 3,000 people in Forsyth, we have lagoon capacity for 800 to 1,000. The overflow now discharges into the Yellowstone River. A court case is now pending relative to city or private ownership of the present property location. Therefore, land acquisition could cost \$50,000, the construction of needed trunk lines and adequate sewage disposal facilities \$950,000. 750
- (2) Number two - many city streets and alleys need maintenance, reshaping, resurfacing and much new surface in some parts of town. Storm sewer drainage could be designed into the system when the decision is made to widen main street and resurface and construct the city traffic system mentioned above. Estimated cost using figures of Mayor and City Engineer - \$2,000,000. 2,000
- (3) Number three - Municipal water supply is from the Yellowstone River (and upstream from effluent mentioned above - how unfortunate!) Action has already been taken to bond the people of Forsyth so as to increase the capacity for household use and fire protection. Estimated cost for this project by Morrison-Maierle, Inc. - \$735,000. Forsyth appropriated for 50 cfs from the Yellowstone in 1913. 735
- (4) Number four - Municipal swimming pool, including locker facility \$200,000. This figure from Christian, Spring, Sielbach & Associates, consulting engineers for the Colstrip project. Could be additional costs for land acquisition and enclosure materials if the decision is made for a facility which can be used year-round. We are currently asking local civic organizations for contributions toward a total recreational program. 200

Ms. Judy H. Carlson

-2-

December 26, 1974

- (5) Number five - Problems of solid waste are with every community and until we in Montana are willing to pay for solid waste disposal, it will continue to be a problem. The present facility is located about four miles north of Forsyth but that lease terminates in 18 months. The solid waste program now costs \$30,000 per year to operate for Forsyth. It costs approximately \$15.00 per ton to collect and \$10.00 per ton to dispose and cover. It is a city-county landfill.
- (6) Number six - There is need for better shop facilities for city and county. The plan is to construct a unit which will accomodate both city and county, approximately 16,000sq. ft., on county property located East of Forsyth. Cost \$160,000-\$175,000.
- (7) Number seven - Forsyth city equipment generally needs upgrading. A partial list of major equipment could include:
- | | | |
|-----------------------|---|----------|
| Street sweeper | - | \$20,000 |
| 16 yd. garbage truck | - | 24,000 |
| Compacting machine | - | 25,000 |
| Second-hand Patrol | - | 20,000 |
| Trucks (large&pickup) | - | 37,000 |
| Law Enforcement | - | 10,000 |
- (8) Number eight - Rosebud County Commissioners plan to take some type of action on a senior citizens center. Old county library property will be used. Perhaps some revenue sharing money next fiscal year. Estimated cost under \$75,000. Senior citizens now use county library basement.
- (9) Number nine - County Airport expansion program initiated summer of 1974, providing additional taxiways and lighting systems, also airstrip lengthened from 2,500 to 4,800 feet with long range plans to extend an additional 1,500 feet if needed. Current construction costs \$405,000, with approximately \$100,000 county, balance from the Airport Development and planning fund.
- (10) Number ten - Traffic is increasing on all roads in the county, particularly the Colstrip road. Impact funding is needed to reconstruct the Colstrip road for safety's sake - estimated cost - \$7,500,000 for 30 miles of highway.
- (11) Number eleven - Forsyth and Rosebud county operate with consolidated law enforcement, headquartering at the courthouse, and locating deputies at Ashland, Colstrip and Birney. The present jail facilities, being constructed in 1914, are antiquated and inadequate. Minimum cost estimate is \$50,000.
- (12) Number twelve - There is need for low cost housing for elderly persons. Presently there is a housing authority operating in Forsyth. Little progress has been made however in firming up plans for action in providing this housing need.

12,226,000

12,226,000

Ms. Judy H. Carlson

-3-

December 26, 1974

There are a number of needs indicated in the school systems of Colstrip and Forsyth. If units 3 and 4 are approved, we are in trouble in our elementary and junior high facilities.

If there is any possibility of passing some impact legislation, it must be done. Many people in leadership positions in Rosebud County feel we will continue to pay out to support the more populated areas of the state and will continue to seek ways of paying the bill at home as massive coal development ensues.

I feel there has been a great deal of duplication and waste of money on studies. I realize we need good information for successful grant proposals. But with coal development, we're in a different ballgame than the "traditional" throws of economic development.

Very truly yours,

Eldon E. Rice

Eldon E. Rice
Coordinator
Rosebud County Planning Board

EER:jb

E.M.S. -

Forsyth

1 Mobile - 1800

Base Sta. - 7000

5 Pagers - 2500

1 Ambulance - 20000

1 Paging Base Sta - 2500

27 500

Ashland - Mobile - 1800

*The Big Sky Country*

MONTANA STATE SENATE

March 3, 1975

SENATOR DAVE MANNING

DISTRICT NO. 25: GARFIELD, McCONE
PETROLEUM, ROSEBUD, TREASURE AND THE
ROY-GRASS RANGE AREA OF FERGUS COUNTY
HYSHAM, MONTANA 59038

COMMITTEES:

HIGHWAYS AND TRANSPORTATION,
CHAIRMAN
TAXATION

TO: THE MONTANA CONGRESSIONAL DELEGATION AND THE CONGRESS OF THE UNITED STATES

FROM: SENATOR DAVE MANNING, MONTANA STATE SENATE

My name is DAVE MANNING, I am a Member of the Montana State Senate, Chairman of the Senate Highway and Transportation Committee and a Member of the Senate Taxation Committee.

My State Senatorial District is No. 25, comprising five and a fraction counties located in the plains of Eastern Montana. It has a total area of 14,814 square miles and a population of 13,524, an area averaging less than one person per square mile and larger than any one of nine states in the nation. My residence is in the rural town of Hysham, population 400, close to the four operating, rapidly enlarging strip mines now accounting for all the coal being shipped from Montana to other states.

It is with first hand knowledge I call to your attention that here on the ground of our thinly populated area, we experience realities of FRONT END COAL DEVELOPMENT IMPACT. In our efforts to maintain governmental services, we have no freedom from the intervention of increased road travel, increased school population, and other public services. Each hour new problems and new costs are stirred into our economy, no interval of time for values and taxes to jell, and amid all the well meaning studies surrounding us we are living an "after the fact" form of life.

The attached copies of Senate Bills 13-86-87, memorandum, and maps, show that the \$15,200,000.00 to be pledged from State coal tax revenue will go to the Montana Department of Highways for Primary and Secondary road construction within a special coal mining impacted area designated by the Montana Highway Commission and approved by the Governor of Montana, February 20, 1974.

I feel it is not unrealistic to ask the Congress to provide money under the normal Federal matching ratio; (74-26% established for Primary and Secondary roads) in this impacted area where the designated roads tap the very area where the Federal Decker-Birney Resource Study shows 93% of the mineral estate is owned by the National Government and 69% of the surface estate is owned by local people.

I ask this Federal assistance in behalf of the people in this sparsely populated area who have been so suddenly adversely effected by the crash program in strip mining demands of the nation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dave Manning".

DAVE MANNING

MEMORANDUM

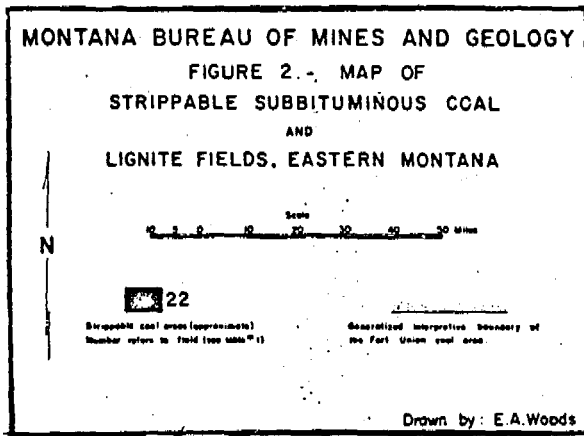
RE: Special state funding of highway system reconstruction in Montana coal development area.

Senate Bill 87, as approved by the Montana Senate, provides for the distribution of approximately 50% of the state severance tax on coal to several special accounts designed to meet both short-run and long-run social impacts of coal development. Section 4 of the bill (the heart of the Manning amendment) allocates 10% of severance tax collections to the Montana Department of Highways for reconstruction of primary and secondary roads within an impact area designated by the State Highway Commission. The allocation is authorized for 4 fiscal years, from July 1, 1975 to June 30, 1979. Estimated allocations to the department of highways are:

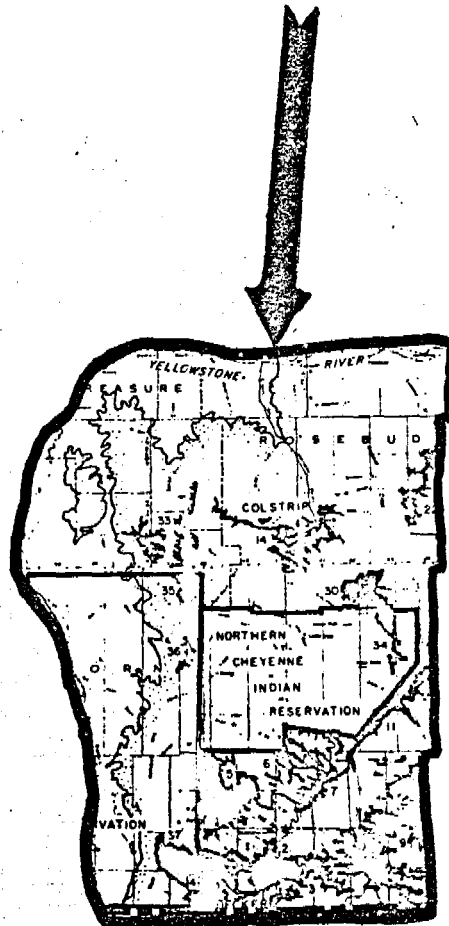
Fy 1976	\$ 2.6 million
Fy 1977	\$ 3.7 million
Fy 1978	\$ 4.0 million
Fy 1979	\$ 4.9 million
	<u>\$15.2 million</u>

These figures assume the state severance tax is set at 25% of gross value, as approved by Senate Bill No. 13, a companion bill to Senate Bill No. 87, and conservatively estimating growth in production volume.

The Manning amendment authorizes the State Highway Department to expend moneys appropriated from this allocation either with federal matching under the economic development centers highway authority or, if no such federal funds are available, the state may spend without federal matching. The special coal tax allocation may not be used to match regular federal allocations for the primary or secondary systems and does not effect the Montana financial district law.

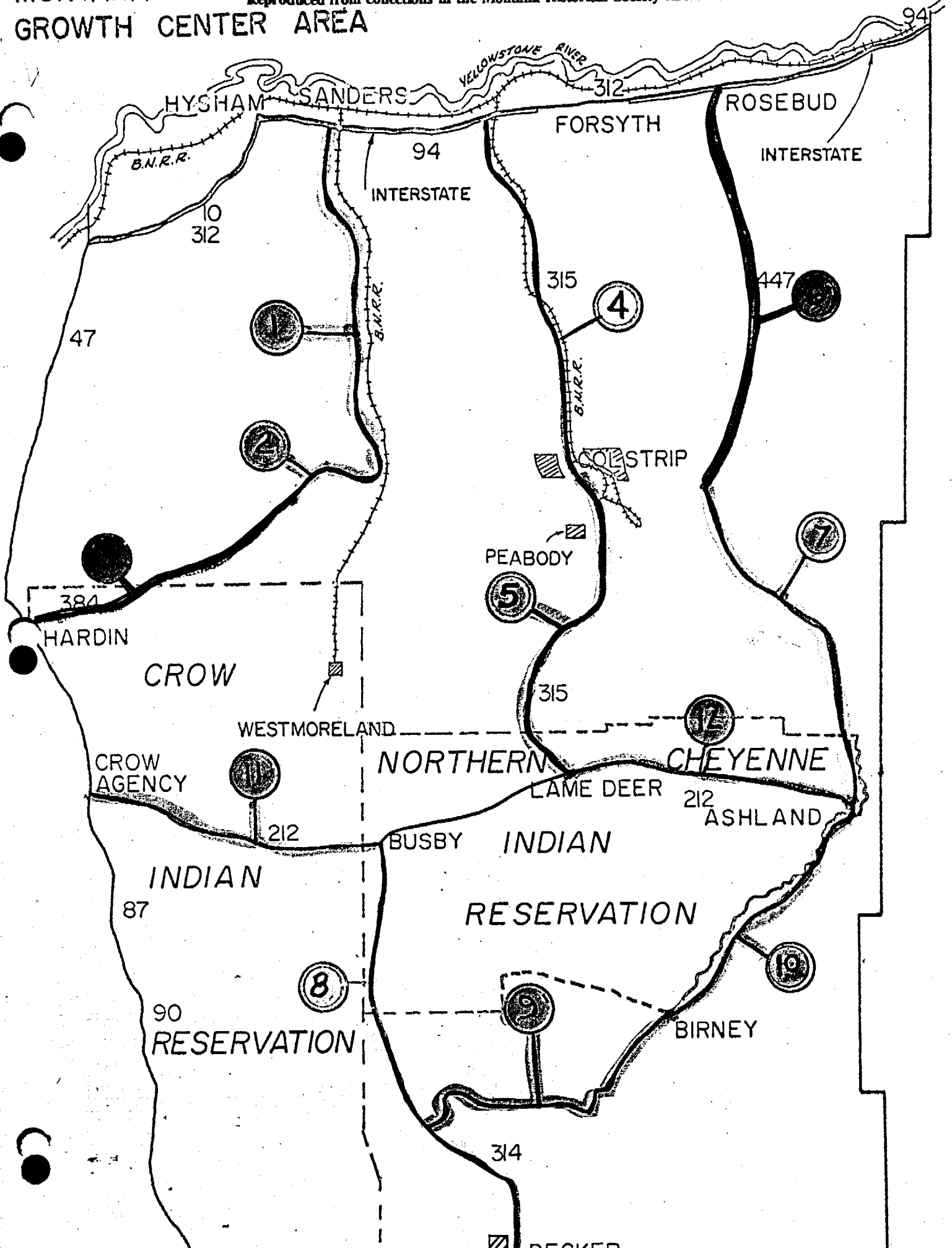


MONTANA COLSTRIP ECONOMIC GROWTH CENTER AREA



MONTANA COLSTRIP ECONOMIC GROWTH CENTER AREA

Reproduced from collections in the Montana Historical Society Archives



<u>DESIGNATION</u>	<u>LENGTH</u>	<u>EST. COST TO CONSTRUCT</u>
● SARPY CREEK ROAD	27+MILES	\$ 4 MILLION
2. HARDIN-SARPY CREEK	12+MILES	\$ 2 MILLION
3. HARDIN-EAST	20+MILES	\$ 2 MILLION
4. COLSTRIP-FORSYTH	30+MILES	\$ 7.5 MILLION
5. LAME DEER-COLSTRIP	22+MILES	\$ 5.5 MILLION
6. ROSEBUD-SOUTH	36+MILES	\$ 3.5 MILLION
7. ASHLAND-NORTHWEST	20+MILES	\$ 3 MILLION
8. DECKER-BUSBY	40+MILES	\$ 6 MILLION
9. BIRNEY-SOUTHWEST	24+MILES	\$ 3.5 MILLION
10. BIRNEY-ASHLAND	23+MILES	\$ 3.5 MILLION
11. CROW AGENCY-BUSBY	26+MILES	\$ 6.5 MILLION
12. LAME DEER-ASHLAND	<u>21+MILES</u>	<u>\$ 5 MILLION</u>
●	301 MILES	\$ 52 MILLION

FISCAL YEAR 1976

MONEY TO:	UNDER CURRENT LAW		UNDER SB 13-86-27		UNDER HB 115
General Fund	\$8.17 million	50%	\$13.12 million	80%	\$14.72 million
Counties where coal mined (SB 87, sec. 7; HB 115, sec. 7)	.74 million	5%	1.31 million (Rosebud \$540,000) (Big Horn 760,000) (Richland 20,000)	10%	1.3 million (Rosebud \$784,000) (Big Horn 980,000) (Richland 36,000)
Cities nearest coal mine (HB 115, sec. 7)	-----	-----	-----	10%	1.6 million (Forsyth \$784,000) (Hardin 980,000) (Savage 36,000)
Local Impact Account (impacted cities and counties) (SB 87, sec. 7)	-----	22½%**	5.89 million	-----	-----
Education Trust Fund (SB 87, sec. 11)	-----	7½%**	1.97 million	-----	-----
Highway Improvement Account (SB 87, sec. 4)	-----	10%**	2.62 million	-----	-----
Energy Research Account (SB 86)	-----	5%	1.31 million	-----	-----
TOTAL	\$8.91 million*		\$26.24 million		\$18.4 million

*If 1976 production were taxed on a percentage basis and the percentage were 12.6% (the actual percentage taxed on 1973 production), the total yield would be \$12,106,000. The difference between 8.91 million and 12.106 million reflects how inflation has eroded the value of a flat cents-per-ton tax in 3 years.

**Beginning in 1981, as SB 87 is written, the local impact account would rise to a maximum of 30%, the education trust fund would rise to a minimum of 10%, and the highway improvement account would terminate.



The Big Sky Country

MONTANA STATE SENATE

SENATOR DAVE MANNING

DISTRICT NO. 25: GARFIELD, McCONE
PETROLEUM, ROSEBUD, TREASURE AND THE
ROY-GRASS RANGE AREA OF FERGUS COUNTY
HYSHAM, MONTANA 59038

COMMITTEES:

HIGHWAYS AND TRANSPORTATION,
CHAIRMAN
TAXATION

MEMORANDUM

The following is an excerpt from a statement made by Senator Manning to The Federal Energy Administration, Billings, Montana Hearing, September 30, 1974, PROJECT INDEPENDENCE.

(See attached letter of Senator Mike Mansfield's reply on this subject matter.)

"When the Anti-Ballistic program was conceived in the late 1960's in the interest of the Nations general welfare, the impact on local resources were recognized by the Congress as being inadequate to meet the demands of the program and authorizations were given by the Congress under Public law 91-511 to approve 100 percent Federal funds to improve local resources.

I see the National energy crisis and the hasty focus of reliance on the Fort Union strip mineable coal deposits as a parallel example and think it should be treated accordingly. Congress should insure that local government is not required to suffer major economic costs to provide critical services for the Nation."

Dave Manning

MIKE MANSFIELD
MONTANA

United States Senate
Office of the Majority Leader
Washington, D.C. 20510

October 10, 1974

Honorable Dave Manning
Hysham
Montana 59038

Dear Dave:

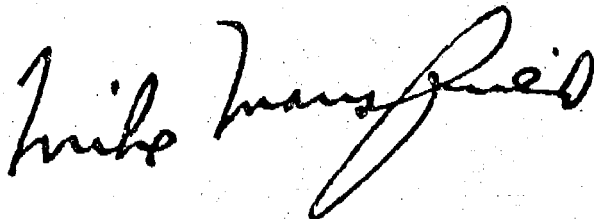
This will acknowledge receipt of the copy of your statement just presented at the Federal Energy Administration's hearings on September 30th.

I appreciate your suggestions regarding Project Independence and your analysis of the problems we face at Colstrip. I am well aware of the tremendous impact on smaller communities. Unfortunately, the development of the coal is largely a private enterprise venture and, therefore, the Federal Government does not feel that it has any special responsibility insofar as alleviating impact except in areas such as roads and highways. This is an aspect which I hope will be pressed with the state highway authorities and the Federal Highway Administration.

Insofar as local impact in other areas is concerned, this is not assumed to be the same as defense projects. It would be my hope that the private enterprise involved would be willing to make a significant contribution to alleviate local impact.

Thanking you for keeping me informed and, with best personal wishes, I am

Sincerely yours,

A handwritten signature in dark ink, reading "Mike Mansfield". The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

NAME William E. Holland Bill No. SB 87
ADDRESS 1400 8th Ave Date 3-12-75
WHOM DO YOU REPRESENT? MSBA
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Support proposed Amendment.

PROPOSED AMENDMENT TO SENATE BILL 87

Be amended in the third reading bill as follows:

1. Amend page 5, section 5, following subsection (g) on line 22.

Insert a new subsection (h) to read as follows:

"(h) a member of a board of trustees of a school district in a coal impact area shall be appointed by the governor from a list of four persons recommended by the Montana school boards association."

MEMBERS OF THE COMMITTEE:

SB 86 IS, I THINK, ONE OF THE MOST IMPORTANT BILLS TO ORIGINATE IN THE SENATE. IF PASSED IT WILL HELP SOLVE OUR ECONOMIC PROBLEMS BY HELPING US CONSERVE OUR FOSSIL FUELS.

SB 86 IS COMPLIMENTARY TO HB 663 WHICH GIVES TAX CREDITS TO HOME AND BUSINESS OWNERS WHO USE METHODS TO CONSERVE ENERGY OR UTILIZE ALTERNATIVE ENERGY SOURCES. HB 663 HAS ALREADY BEEN ADOPTED ON BY THIS COMMITTEE AND PASSED BY THE HOUSE. SB 86 WILL MAKE ~~KNOWN~~ ALREADY EXISTING METHODS KNOWN TO THE PEOPLE AS WELL AS ENCOURAGE DEVELOPEMENT OF DIFFERENT AND HOPEFULLY BETTER METHODS.

I RECOMMEND FAVORABLE CONSIDERATION OF SB 86.

SINCERELY,

James Farley

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#50

Producers are now paying 100% of the tax on state and federally owned royalties, but under SB 308 they will pay only their share and the amount that should be paid by governmental entities will not be paid. About \$25,000 would be lost in revenue for the biennium. Purpose of this bill is to get all taxes on the same plane.

Mr. Weldon Summers, Shell Oil Co., Los Angeles, appeared in Support of SB 295 and 308.

Hearing adjourned at 8:30 a.m., and the committee went into executive session.

SENATE BILL 91 - Rep. W. Jay Fabrega moved that amendments, copy of which are attached, be accepted. Motion carried unanimously. Rep. Fabrega then moved that SB 91 as so amended BE CONCURRED IN. Motion carried unanimously. Rep. Esther Bengtson will carry.

SENATE BILL 86 - Rep. W. Jay Fabrega moved that SB 86 be amended as per attached copy of amendments. Motion carried with Rep. Harrison Fagg opposing. Rep. Fagg moved that SB 86 be concurred in as amended. Motion carried with Reps. Halvorson, Anderson, Aageson voting No. Rep. Dassinger abstained. Reps. Teague and Johnson by written votes, Lien, Fabrega, Williams, Fagg, Kemmis voting Aye. So SENATE BILL 86 AS SO AMENDED BE CONCURRED IN. Rep. Kemmis will carry.

SENATE BILL 87. Rep. Fagg offered amendments to SB 87, which are included in the amendments attached, and moved that they be adopted. Motion carried unanimously. Rep. Fagg moved that the subcommittee amendments which are incorporated in the attached amendments be adopted. Motion carried unanimously. Rep. Fagg moved that SB 87 AS SO AMENDED BE CONCURRED IN. Motion carried unanimously. Rep. Dassinger will carry.

SENATE BILL 192 - Rep. Daniel Kemmis moved that SB 192 be concurred in. Motion carried with Reps. Fagg, Johnson, Yardley in writing, Dassinger, Teague in writing, Williams, Kemmis voting Aye; and Reps. Halvorson, Fabrega, Lien, Aageson, Anderson voting No. Rep. Thomas was excused.

Executive session adjourned at 9:50 a.m.


 REP. ORA J. HALVORSON, Vice-Chairman

HOUSE OF REPRESENTATIVES

March 20, 1975

HOUSE COMMITTEE ON TAXATION AMENDMENT TO SENATE BILL 91

Amend in the third reading copy as follows:

1. Amend page 6, section 1, class eight, line 11.
Following: "together"
Strike: "are assessed at"
Insert: "have a market value of"
2. Amend page 6, section 1, class eight, line 12.
Strike: "seventeen thousand five hundred dollars (\$17,500)"
Insert: "thirty thousand dollars (\$30,000)"
3. Amend page 6, section 1, class eight, line 14.
Following: "occupied"
Strike: "by OR MAINTAINED"
Insert: "for at least ten (10) months per year"

AS SO AMENDED
BE CONCURRED IN

HOUSE OF REPRESENTATIVES

March 20, 1975

HOUSE COMMITTEE ON TAXATION AMENDMENT TO SENATE BILL 86

Amend in the third reading copy as follows:

1. Amend in the title, page 1, line 10.
Strike: "INTERGOVERNMENTAL RELATIONS"
Insert: "NATURAL RESOURCES AND CONSERVATION"
2. Amend page 2, section 2 (3), lines 19 and 20.
Following: "conservation"
Strike: "INTERGOVERNMENTAL RELATIONS"
Insert: "natural resources and conservation"

AS SO AMENDED
BE CONCURRED IN

HOUSE OF REPRESENTATIVES

March 20, 1975

HOUSE COMMITTEE ON TAXATION AMENDMENT TO SENATE BILL 87.

1. Amend page 4, section 5, line 24.
Following: "of"
Strike "ten (10)"
Insert: "nine (9)"
2. Amend page 5, section 5 (3) (d), lines 15 and 16.
Strike: "(d) the board of health and environmental sciences shall designate one (1) member;"
3. Amend page 5, section 5 (3) (e), line 15.
Strike: "(e)"
Insert: "d)"
4. Amend page 5, section 5 (3) (f), line 19.
Strike: "(f)"
Insert: "(e)"
5. Amend page 5, section 5 (3) (g), line 21.
Strike: "(g) the board of regents shall designate one (1) member."
Insert: "(f) the governor shall designate one (1) member of a board of trustees of a school district in a coal impact area from a list of four (4) nominees submitted by the Montana school boards association."
6. Amend page 6, section 7 (4), line 21.
Following: "governmental units"
Strike: "to assist such"
Insert: "and state agencies to assist local governmental"
7. Amend page 6, section 7 (4), line 22.
Following: "enabling"
Strike: "it"
Insert: "them"
8. Amend page 6, section 7 (4), line 24.
Following: "a"
Strike: "direct"
9. Amend page 6, section 7 (4), line 25.
Following: "Such"
Strike: "grant"
Insert: "grants"
10. Amend page 7, section 7 (4), line 2.
Following: "development,"
Strike: "and"
Following: "funds"
Insert: ", and (d) availability of matching funds"

HOUSE OF REPRESENTATIVES

-2-

March 20, 1975

11. Amend page 7, section 8 (1), lines 8 and 9.
Following: "least"
Strike: "twenty percent (20%)"
Insert: "ten percent (10%)"
12. Amend page 7, section 8 (1), line 13.
Following: "units"
Insert: "and state agencies"
13. Amend page 7, section 8 (2), line 19.
Following: "request"
Insert: "reasonably"
14. Amend page 7, section 8 (2), line 19.
Following: "an"
Strike: "all over"
Insert: "over all"
15. Amend page 8, section 10, line 9.
Following: "other"
Insert: "local or state"
16. Amend page 8, section 10, line 10.
Following: "unit"
Insert: "or agency"
17. Amend page 8, section 10, line 11.
Following: "a"
Strike: "direct"
18. Amend page 8, section 10, line 19.
Following: "expectations."
Insert: "No state agency may receive grants which exceed five percent (5%) of the money allocated to the board."
19. Amend page 10, following line 18.
Insert: New section.
"Section 13. There is appropriated to the coal board for its expenses and for making grants under section 7 of this act, three-fourths (3/4) of the funds in the local impact and education trust fund account for the biennium ending June 30, 1977."

AS SO AMENDED
BE CONCURRED IN

SENATE BILL NO. 86

INTRODUCED BY TOWE, COLBERG, WATT, REGAN,

NORMAN, SEIBEL, ROMNEY

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR RESEARCH, ~~INTO~~ DEVELOPMENT AND DEMONSTRATION OF ALTERNATIVE ENERGY SOURCES AND ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ~~ESTABLISHING--A--BOARD~~ DIRECTING THE DEPARTMENT OF NATURAL---RESOURCES---AND---CONSERVATION INTERGOVERNMENTAL---RELATIONS NATURAL RESOURCES AND CONSERVATION TO MAKE GRANTS FROM THE FUND IN SUPPORT OF ALTERNATIVE ENERGY RESEARCH; PROVIDING FOR AN ALTERNATIVE ENERGY ADVISORY COMMITTEE; MAKING APPROPRIATIONS; AMENDING SECTION 84-1309.1, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
(Strike everything after the enacting clause and insert:)

Section 1. There is a new R.C.M. section that reads as follows:

Purpose. The purposes of this act are to stimulate research, development, and demonstration of energy sources which are harmonious with ecological stability by virtue of being renewable, thereby to lessen that reliance on nonrenewable energy sources which conflicts with the goal of long-range ecological stability, and to provide for the

funding and administration of such research, provided, that demonstration or development projects funded under this act may not be used to commercially market electricity, heat energy, or energy by-products.

Section 2. There is a new R.C.M. section that reads as follows:

Definitions. As used in this act:

(1) "Alternative renewable energy source" means a form of energy or matter, such as solar energy, wind energy, or methane FROM SOLID WASTE, capable of being converted into forms of energy useful to mankind, and the technology necessary to make this conversion, when the source is not exhaustible in terms of this planet and when the source or the technology are not in general commercial use.

(2) "Person" means a natural person, corporation, partnership, or other business entity, association, trust, foundation, any educational or scientific institution, or any governmental unit.

(3) "Department" means the Montana department of ~~natural---resources---and---conservation~~ INTERGOVERNMENTAL RELATIONS NATURAL RESOURCES AND CONSERVATION.

Section 3. There is a new R.C.M. section that reads as follows:

Alternative energy research development and demonstration account established. There is within the

earmarked revenue fund an alternative energy research development and demonstration account. Moneys are paid into this account under section 84-1309.1. The state treasurer shall draw warrants payable from this account upon order of the ~~coal-board~~ DEPARTMENT.

Section 4. Section 84-1309.1, R.C.M. 1947, is amended to read as follows:

"84-1309.1. Disposal of license taxes. License taxes collected under the provisions of this chapter or severance taxes collected under such statutes as may be enacted in 1975 are allocated as follows:

(1) To the county general fund from which coal was mined three cents (3¢) per ton.

(2) ~~Five-percent-(5%)~~ TWO AND ONE-HALF PERCENT (2 1/2%) of total collections per year UNTIL DECEMBER 31, 1979 AND THEREAFTER FOUR PERCENT (4%) OF TOTAL COLLECTIONS PER YEAR to the earmarked revenue fund, to the credit of the alternative energy research development and demonstration account.

~~42)---~~ (3) All other revenues from license taxes collected under the provisions of this chapter shall be deposited to the credit of the general fund of the state."

Section 5. There is a new R.C.M. section that reads as follows:

Department -- general powers. The department may:

(1) employ a staff adequate to administer this act;
(2) retain professional consultants and advisors;
(3) adopt rules governing applications and granting of funds;

(4) consider applications for grants and award grants, subject to the availability of funds, and to the appropriation of such funds by the legislature from the alternative energy research development and demonstration funds for projects that will further the purposes of this act;

(5) appoint an alternative energy advisory committee composed of representatives of state agencies and citizen members with expertise in alternative energy matters. The appointment of any such advisory committee shall be in keeping with section 82A-110.

Section 6. There is a new R.C.M. section that reads as follows:

Applications for grants. Any person may apply for a grant to enable him to research, develop or demonstrate alternative renewable energy sources. The department shall prescribe the form for applications. Applicants shall describe the nature of their proposed investigations, including practical applications of the possible results and time requirements.

Section 7. There is a new R.C.M. section that reads as

1 follows:

2 Criteria for grant awards. The department may award
3 grants to applicants under section 6 of this act in
4 accordance with the following criteria:

5 (1) A grant may cover a period not exceeding one (1)
6 year, and the department may not commit itself to spending
7 funds anticipated to be available more than one (1) year
8 after the grant period begins. The department may give an
9 applicant a statement of intent to renew its support of his
10 work, subject to the availability of funds and such other
11 conditions as the department may express.

12 (2) The department may give preference to projects
13 which are also supported by grants from the federal
14 government or other persons provided the grants are
15 consistent with the other objectives of the board. The
16 purpose of this preference is to use the alternative energy
17 research development and demonstration account for matching
18 moneys in order to support more substantial research.

19 (3) The department may give preference to research
20 centers unattached to existing educational institutions
21 where several investigators can share supporting services.
22 However, this shall not be interpreted to prohibit the
23 department from awarding grants to existing educational
24 institutions.

25 (4) The department may give preference to research

1 centers which make information available to individuals,
2 small businesses, and small communities seeking the use of
3 renewable energy sources in their homes, plants, places of
4 business, and small communities.

5 (5) All information resulting from such research shall
6 be made available to the public and shall not become the
7 private property of or under the exclusive control of any
8 one (1) company or person.

9 (6) The department is under no requirement to expend
10 or commit available alternative energy research, development
11 and demonstration funds when in its judgment such
12 expenditures or commitments would be unproductive.

13 SECTION 8. THERE IS A NEW R.C.M. SECTION THAT READS AS
14 FOLLOWS:

15 BIENNIAL REPORT. THE DEPARTMENT SHALL REPORT ITS
16 EXPENDITURES AND OTHER ACTIVITIES UNDER THIS ACT TO THE
17 LEGISLATURE AT THE BEGINNING OF EACH REGULAR LEGISLATIVE
18 SESSION.

19 SECTION 9. THERE IS APPROPRIATED TO THE DEPARTMENT OF
20 NATURAL RESOURCES AND CONSERVATION FROM THE ALTERNATIVE
21 ENERGY RESEARCH DEVELOPMENT AND DEMONSTRATION ACCOUNT, FOR
22 THE PURPOSE OF PUBLICIZING TAX INCENTIVES FOR ALTERNATIVE
23 ENERGY DEVELOPMENT AND ENERGY CONSERVATION UNDER HOUSE BILL
24 633, AS ENACTED, NOT TO EXCEED FIFTEEN THOUSAND DOLLARS
25 (\$15,000), FOR THE FISCAL YEAR ENDING JUNE 30, 1976, AND FOR

SB 0086/05

- 1 MAKING GRANTS UNDER SECTION 7 OF THIS ACT ALL THE REMAINING
- 2 FUNDS IN THE ALTERNATIVE ENERGY RESEARCH DEVELOPMENT AND
- 3 DEMONSTRATION ACCOUNT FOR THE BIENNIUM ENDING JUNE 30, 1977.

-End-

SENATE BILL NO. 87

INTRODUCED BY TOWE, WATT, REGAN, NORMAN,
SEIBEL, ROMNEY, COLBERG

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A FUND FOR ASSISTING LOCAL GOVERNMENTS ~~SOCIALLY~~ AND HIGHWAY SYSTEMS IMPACTED BY COAL DEVELOPMENT AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT THE STATE; ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUND; ESTABLISHING A BOARD TO MAKE GRANTS FROM THE FUND TO LOCAL GOVERNMENTS; AMENDING SECTIONS 75-6916 AND 84-1309.1, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
(Strike everything after the enacting clause and insert:)

Section 1. There is a new R.C.M. section that reads as follows:

Purpose. The purposes of this act are to assist local governmental units which have been required to expand the provision of public services as a consequence of large-scale development of coal mines and coal-using energy complexes, to assist in the construction and reconstruction of designated portions of highways which serve the area affected by such large-scale development, and to invest a portion of the tax revenue from coal mines in a permanent fund, the income from which shall be used for the support of

public schools throughout the state.

Section 2. There is a new R.C.M. section that reads as follows:

Local impact and education trust fund account and coal area highway improvement account established. (1) There is within the earmarked revenue fund a local impact and education trust fund account. Moneys are payable into this account under section 84-1309.1. The state treasurer shall draw warrants from this account upon order of the coal board.

(2) There is within the earmarked revenue fund a coal area highway improvement account.

Section 3. Section 84-1309.1, R.C.M. 1947, is amended to read as follows:

"84-1309.1. Disposal of license or severance taxes. License or severance taxes collected under the provisions of this chapter or such sections as may enact a severance tax on coal in 1975 are allocated as follows:

(1) To the county general-fund for such purposes as the governing body of that county may determine from which coal was mined three cents (3¢) per ton; provided, however, for each calendar year prior to January 1, 1980, this amount shall be three cents (3¢) per ton or five percent (5%) of the contract sale price of the coal mined in that county, whichever is higher.

(2) ~~Thirty-percent-(30%)~~ TWENTY-TWO AND ONE-HALF PERCENT (22 1/2%) of total collections per year, until July 1, 1979, and thereafter ~~forty-percent-(40%)~~ THIRTY-TWO AND ONE-HALF PERCENT (32 1/2%), to the earmarked revenue fund to the credit of the local impact and education trust fund account.

(3) For each of the four (4) fiscal years following the effective date of this act ten percent (10%) of total collections per year to the earmarked revenue fund to the credit of the coal area highway improvement account.

~~(2)---~~(4) All other revenues from license taxes collected under the provisions of this chapter shall be deposited to the credit of the general fund of the state."

Section 4. There is a new R.C.M. section that reads as follows:

Coal area highway reconstruction program. (1) There is appropriated to the department of highways for each of the four (4) fiscal years following the effective date of this act all the funds in the coal area highway improvement account for carrying out the programs authorized by this section.

(2) The department of highways, within the area designated as the eastern Montana coal field economic growth center as certified to the secretary of transportation by the governor under section 143, Title 23, United States

Code, shall prepare a special construction program for the reconstruction of deficient sections of these highways.

(3) The department of highways shall expedite the planning and reconstruction program for projects on the designated portions within this area by using funds allocated under this subsection and any federal funds that may be made available to match such funds; until federal funds are made available to match the funds allocated under this subsection the department of highways may, upon approval of the Montana state highway commission, expend such funds for planning and reconstruction projects.

(4) Funds allocated under this subsection shall not be used to match apportionments made for primary and secondary highways under the Federal Aid Highway Acts; however, nothing in this subsection should be construed to prohibit the implementation of projects otherwise funded by apportionments made under the Federal Aid Highway Acts; furthermore, planning and reconstruction projects may be financed in whole or in part by public and private funds provided such projects conform to the applicable standards, regulations and procedures of the department of highways and the federal highway administration.

Section 5. There is a new R.C.M. section that reads as follows:

Coal board established -- composition. (1) There is a

1 coal board composed of ~~ten-(10)~~ NINE (9) members.

2 (2) The coal board is allocated to the department of
3 intergovernmental relations for administrative purposes only
4 as prescribed in section 82A-108.

5 (3) The members of the coal board are selected as
6 follows:

7 (a) four (4) local government elected officials from
8 coal impacted areas shall be appointed by the governor from
9 a list of eight (8) persons, four (4) of which are
10 recommended by the Montana association of counties or its
11 successor organization and four (4) of which are recommended
12 by the Montana league of cities and towns;

13 (b) the governor shall designate one (1) member from
14 the department of intergovernmental relations;

15 (c) the governor shall designate one (1) member from
16 the department of social and rehabilitation services;

17 ~~{d}--the-board-of--health--and--environmental--sciences~~
18 ~~shall-designate-one-(1)-member;~~

19 ~~{e}~~ (D) the board of natural resources and conservation
20 shall designate one (1) member;

21 ~~{f}~~ (E) the board of public education shall designate
22 one (1) member;

23 ~~{g}--the-board--of--regents--shall--designate--one--(1)~~
24 ~~member.~~

25 (F) THE GOVERNOR SHALL DESIGNATE ONE (1) MEMBER OF A

1 BOARD OF TRUSTEES OF A SCHOOL DISTRICT IN A COAL IMPACT AREA
2 FROM A LIST OF FOUR (4) NOMINEES SUBMITTED BY MONTANA SCHOOL
3 BOARDS ASSOCIATION.

4 Each person designated serves on the coal board at the
5 pleasure of his designating authority while he is a member
6 of the designating board or department, or while he remains
7 an elected official for a two (2) year term.

8 Section 6. There is a new R.C.M. section that reads as
9 follows:

10 Chairman -- meetings -- compensation. (1) The board
11 shall elect a chairman from among its members.

12 (2) The board shall meet quarterly and may meet at
13 other times as called by the chairman or a majority of the
14 members.

15 (3) Members are entitled to compensation as provided
16 for in section 82A-112(7).

17 Section 7. There is a new R.C.M. section that reads as
18 follows:

19 Coal board -- general powers. The board may:

20 (1) retain professional consultants and advisors;

21 (2) adopt rules governing its proceedings;

22 (3) consider applications for grants from the local
23 impact and education trust fund account; and

24 (4) award grants, subject to section [8 of this act],
25 not to exceed in any one year three-fourths (3/4) of the

revenue paid into the local impact and education trust fund account, to local governmental units ~~to assist such~~ AND STATE AGENCIES TO ASSIST LOCAL GOVERNMENTAL units in meeting the local impact of coal development by enabling ~~it~~ THEM to adequately provide governmental services and facilities which are needed as a ~~direct~~ consequence of coal development. Such ~~grant~~ GRANTS shall be awarded on the basis of (a) need, (b) degree of severity of impact from the coal development, and (c) availability of funds, AND (D) AVAILABILITY OF MATCHING FUNDS.

Section 8. There is a new R.C.M. section that reads as follows:

(1) The department of intergovernmental relations shall designate counties, towns, school districts and other governmental units which have had or expect to have an increase in estimated population of at least ~~twenty-percent~~ TEN PERCENT (10%) during any three (3) years since 1972 as a result of the impact of coal development. The coal board shall, subject to the appropriations of the legislature, award at least fifty percent (50%) of all grants awarded to governmental units AND STATE AGENCIES for meeting the needs caused by coal development each year to these designated governmental units.

(2) Attention should be given by the coal board to the need for community planning before the full impact is

realized. Applicants should be able to show how their request REASONABLY fits into an ~~all-over~~ OVER ALL plan for the orderly management of the existing or contemplated growth problems.

(3) All funds placed in the local impact and educational trust fund account established under the act shall be subject to appropriations by the legislature for use related to local impact or for transfer to a permanent trust for education.

Section 9. There is a new R.C.M. section that reads as follows:

The department of intergovernmental relations will provide suitable office facilities and the necessary staff for the coal board.

Section 10. There is a new R.C.M. section that reads as follows:

Applications for grants. The governing body of a city, town, county, or school district or any other LOCAL OR STATE governmental unit OR AGENCY may apply for a grant to enable it to provide governmental services which are needed as a ~~direct~~ consequence of coal development. The coal board shall prescribe the form for applications. Applicants shall describe the nature of their proposed expenditures and the time involved. The board may commit itself to the expenditure of funds for more than one (1) year for a single

project, as long as the grant does not extend over more than ten (10) years and does not exceed reasonable revenue expectations. NO STATE AGENCY MAY RECEIVE GRANTS WHICH EXCEED FIVE PERCENT (5%) OF THE MONEY ALLOCATED TO THE BOARD.

Section 11. There is a new R.C.M. section that reads as follows:

Disposition of interest from unexpended balance. The unexpended balance in the local impact and education trust fund account shall be invested as provided by statute by the state board of investments. Seventy-five percent (75%) of the income from such investments each year shall be paid into the earmarked revenue fund, for state equalization aid to public schools of the state. The remaining twenty-five percent (25%) of the income from such investments each year shall be paid to the board of regents of higher education for use by the institutions of higher learning in the state of Montana subject to the budgeting authority of the legislature. Except as provided in section 6(5) herein the principle of the local impact and educational trust fund shall be dedicated to education and forever remain inviolate and sacred to this purpose as provided in sections 3 and 10 of this Article X of the Montana constitution.

Section 12. Section 75-6916, R.C.M. 1947, is amended to read as follows:

"75-6916. Definition of and revenue for state equalization aid. The following shall be paid into the earmarked revenue fund, for state equalization aid to public schools of the state:

(1) twenty-five per cent (25%) of all moneys received from the collection of income taxes under chapter 49 of Title 84, R.C.M. 1947,

(2) twenty-five per cent (25%) of all moneys received from the collection of corporation license taxes under chapter 15 of Title 84, R.C.M. 1947, as provided by section 84-1901, R.C.M. 1947,

(3) one-half (1/2) of the moneys received from the treasurer of the United States as the state's shares of oil and gas royalties under the Act of Congress of February 25, 1920,

(4) interest and income moneys described in sections 75-6907 and 75-6908, R.C.M. 1947, and

(5) income from the local impact and education trust fund account, and

~~(5)~~--(6) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to sections 75-6912 and 75-6913 shall be paid into the same earmarked revenue fund.

As used in this Title, the term "state equalization aid" means those moneys deposited in the earmarked revenue

1 fund as required in this section plus any legislative
2 appropriation of moneys from other sources for distribution
3 to the public schools for the purpose of equalization of the
4 foundation program."

5 SECTION 13. THERE IS APPROPRIATED TO THE COAL BOARD
6 FOR ITS EXPENSES AND FOR MAKING GRANTS UNDER SECTION 7 OF
7 THIS ACT, THREE-FOURTHS (3/4) OF THE FUNDS IN THE LOCAL
8 IMPACT AND EDUCATION TRUST FUND ACCOUNT FOR THE BIENNium
9 ENDING JUNE 30, 1977.

-End-